JUN 9 1930

JUNE 11, 1930

THE BUSINESS WEEK

AS THE last month of the second quarter begins, the rate of business recovery has slackened and the prospects of early return to normal levels are less hopeful. . . . . Our comprehensive business index, which represents general trade activity as well as basic production, has declined sharply during the past two weeks. At 92.7% it is farther below normal than it has been since February and far below the levels of the past two years at this time (see p. 37). May was on the whole below April, and the chances are that June or July will show lower levels still. . . . . June days may be rare, but recoveries from a business slump in the summer months are rarer. . . . . It is becoming clear that it will take longer than expected for all the king's horses and all the king's men to put Humpty-Dumpty together again after his great fall from the midsummer boom of 1929. . . . . Commodity prices are still declining and business recession is world-wide. Disturbed political conditions and uncertain crop prospects at home and abroad complicate the prognosis. . . . . Easy money conditions still are more a sign of low business spirits than an active force for recovery. More vigorous business initiative and more rapid expansion of credit are needed now rather than lower money rates.

15 CENTS

McGRAW-HILL PUBLISHING COMPANY, INC.

To-day... Goodrich Scores Again!

with amazing NEW INVENTION *that revolutionizes*

TIRE PERFORMANCE

"LOOK AT THAT NAIL!" With any but Air Containers, that would have meant trouble for sure! Certainly a flat . . . probably a ruined tube . . . possibly a badly damaged casing. But with Air Containers in the tire, out it comes . . . and away you go. Yet that is only one of the many advantages of the Air Container.

It's a **B.F.Goodrich** *Development*

HOW THE AIR CONTAINER WORKS. (A) shows a cross section uninflated. When air is applied the "bridge" of rubber across the top (B) is placed under compression by being forced into shape. Any puncture is instantly squeezed shut and sealed by compression.

AGAIN . . . Goodrich has done it! By a single, radically new type of product, has completely revolutionized old conceptions of tire performance! Added mileage! Ended troubles! Increased safety! Minimized tire care!

All that, and more, is accomplished by Goodrich Air Containers, nationally announced for the first time here!

Air Containers are "more than inner tubes." They do what no ordinary tube can do!

They *maintain* even inflation! Eliminating under-inflation ends 90% of all tire troubles . . .

They *strengthen* any casing, protecting sidewalls and shoulders against shocks.

They *minimize* tire care—some users claim 20% savings in tire maintenance.

They *insure* personal safety at all times, ending the danger of sudden "flats" and blow-outs.

They *add* 25% to 30% to life of tires, by supporting the casing.

They *seal* punctures on running wheels! Roadside "flats" are avoided; all ordinary punctures are sealed by compression.

They *outlast* the tire! One Air Container often outlasts two or three casings in succession.

If you want more mileage, fewer mishaps, greater safety . . . if you want to really enjoy motoring, you'll install a set on your car today! The B. F. Goodrich Rubber Co., Established 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Kitchener, Ont.

Goodrich Air Containers

. . another B. F. Goodrich Product

32,000 Different Rubber Articles · Goodrich Silvertowns
Zippers · Rubber Footwear · Drug Sundries · Soles
Heels · Hose · Belting · Packing · Molded Goods

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What's In This Issue —And Why

Mr. Ford Makes News

HENRY FORD is admired and he is hated. But he's always news.

He cuts prices on his cars, already cheap, already 40% of total American output. Other manufacturers are startled, consider strategy. (page 7)

MATTHEW WOLL vigorously attacks Mr. Ford, voicing organized labor's deep-seated grievance against manufacturing American goods in foreign plants. Very much right about what is happening, Labor is very much wrong about its causes. (page 8)

MEANTIME, the guile of tired old Europe threatens to defeat Ford's crisp new idea of paying American wage equivalents in his European plants—and even his effort to find out what real wages are over there. (page 7)

Freight Rates

TARIFFS may have their "infant industries," but freight rates will play no favorites. That's the meaning of the Supreme Court's decision in the Hoch-Smith "Challenge Case" this week. "Wholesome for business in general," say the railroads. (page 5)

Gas Pipes

NATURAL GAS pipelines crawl steadily toward goals a thousand miles from wells, and the business is mighty welcome to steel mills, pipe mills. (page 13)

CYRUS S. EATON, dauntless Clevelander, got into natural gas this week. As competitor, he chooses United Gas Corp., child of Electric Bond and Share—no less. (page 17)

Crops–Farms–Farmers

CROPS—farms—farmers. Is that to be the order of "stabilization"? We have ventured the first step; a National Grange proposal to take foreclosed farms off the market suggests the second; critics say it may come to the third before we are done—or broke. (page 15)

Russian Coal

OUR most dangerous export to Russia is brains. American experts are mining Russian anthracite at a cost of $5.50, Boston, against $12.75 for American. An embargo is asked—on coal, not brains. (page 11)

Alloy Steels

U. S. STEEL announces production of chromium and chromium nickel alloys; the industry's leader recognizes the growing importance of specialties. (page 13)

1930 Prefers Bonds

AMERICA has bought more securities this year than last, so far. But this year, it's bonds, which means various things to general business. (page 18)

Jobs

ACCURATE unemployment statistics are the thing we have least of, hence unusual interest in the best check-up yet made. Philadelphia shows many jobless, but the worst past. (page 10)

Copper

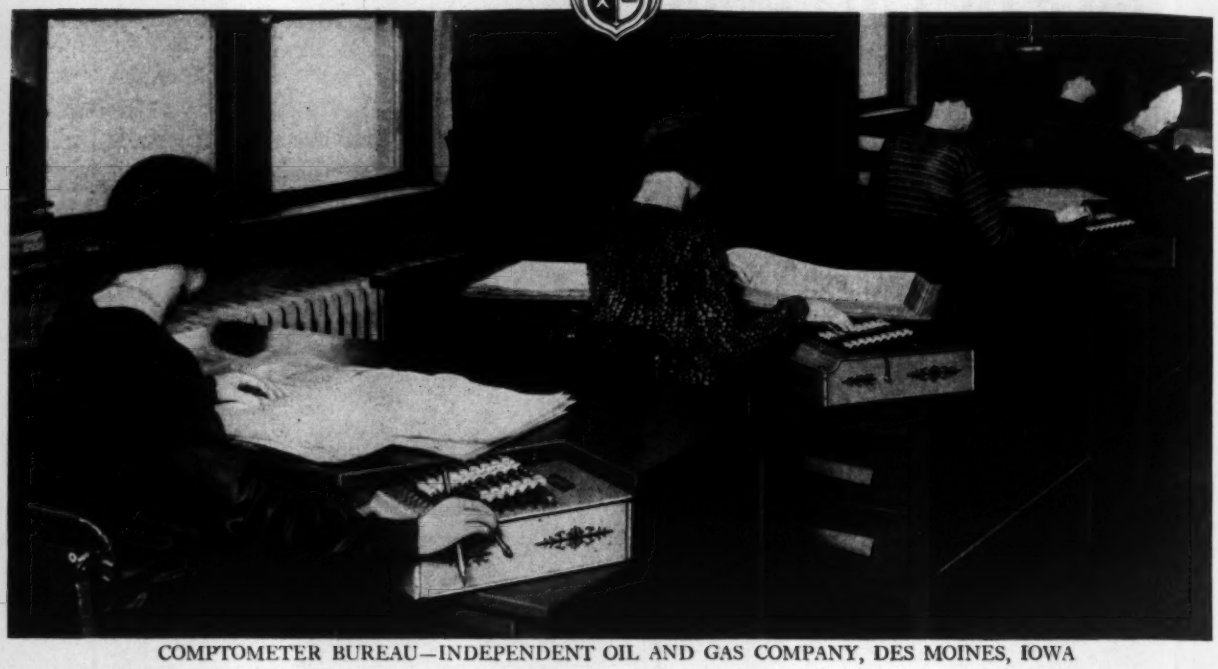
AMERICAN copper exporters lost their grip on prices, but they still have a stranglehold on supplies. Anxious to stock up while prices are low, European metal buyers are fast merging, plan a combine big enough to resist American dictation. (page 6)

Sunny California

PACIFIC COAST business holds up strikingly well, compared with the rest of the country. Seriously, now, it's the climate! (page 27)

THAT sunshine makes grapes—too many of them, in this Post-Volstead year. The Farm Board will finance manufacture of "concentrates"; other government agencies—also using your tax money—will try to control what you do with them. (page 25)

THE HIGH SPEED MACHINE FOR ALL FIGURE WORK



COMPTOMETER BUREAU—INDEPENDENT OIL AND GAS COMPANY, DES MOINES, IOWA

Keep an eye on the office

READJUSTMENTS—changing trends—new objectives—realignments—all follow fast upon the shifting tides of trade in these modern days.

This is the time when business needs figures—analytical figures—interpretive figures—timely statistical data.

It behooves management to see not only that the office is prepared to promptly supply such figures, but that it is equipped to produce them at minimum cost. To this end—

The first step is:

Analysis of work to determine present cost; tracing of time-wasting movements and unnecessary operations.

The second:

To see that machines of high speed production capacity on all Adding and Calculating are put on the job.

Our Comptometer clerical research service is at your command, without charge or obligation, for advice or assistance in analysis and organization of figuring routines—and for suggestions in arranging machine tests on the basis of timed production.

Comptometer speed—speed with accuracy—together with the fast operating speed of trained operators supplied by our nation-wide—world-wide—chain of Comptometer schools, makes minimum figure-work costs an attainable reality.

If you are not interested in lower figure-work costs, most any machine will do. But everywhere and always, superfluous costs in business are a drag on profits.

That is why it pays to keep an eye on the office.

FELT & TARRANT MFG. CO.
1733 N. Paulina St., Chicago, Ill.

If not made by Felt & Tarrant it's not a Comptometer

CONTROLLED-KEY
Comptometer
ADDING AND CALCULATING MACHINE

Only the Comptometer has the Controlled-Key safeguard

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending June 7, 1930

Hoch-Smith Decision Wholesome For Business, Say Railroads

See Far-Reaching Results From Court Restriction On Rate Manipulation to Aid Depressed Industries

FAR-REACHING results were seen by railroad officials this week as likely to come from the Supreme Court's decision in the first test of the Hoch-Smith resolution, passed by Congress 5 years ago to aid agriculture through advantageous freight rates.

Puts "Fair Return" First

The Court, in an opinion which virtually invalidates the resolution (Ann Arbor Railroad vs. the United States), sets aside the order of the Interstate Commerce Commission for an 8% reduction in transcontinental freight rates on deciduous fruits from California to the East, and holds that the commission had erroneously construed the resolution.

Railroad men interpret the decision as placing the rate-making provisions of the Interstate Commerce Act, which permit the carriers to "earn a fair return," ahead of the Hoch-Smith resolution, if not, indeed, nullifying the value of the latter as a lever whereby industries in "depressed condition" can lower rates to their advantage.

Uncertainty Cleared Up

Broader benefits are expected to accrue by Charles C. Paulding, vice-president of the New York Central Lines, who has frequently acted as spokesman for the railroads in discussions of the Hoch-Smith Resolution. "Because the decision clears up the uncertainty which has existed as to the scope of the resolution and its effect on the rates applied, and to be applied, to general merchandise traffic, its effect should be very wholesome on general business," he told *The Business Week*.

In further interpretation of the opinion, from the railroad point of view, Mr. Paulding said:

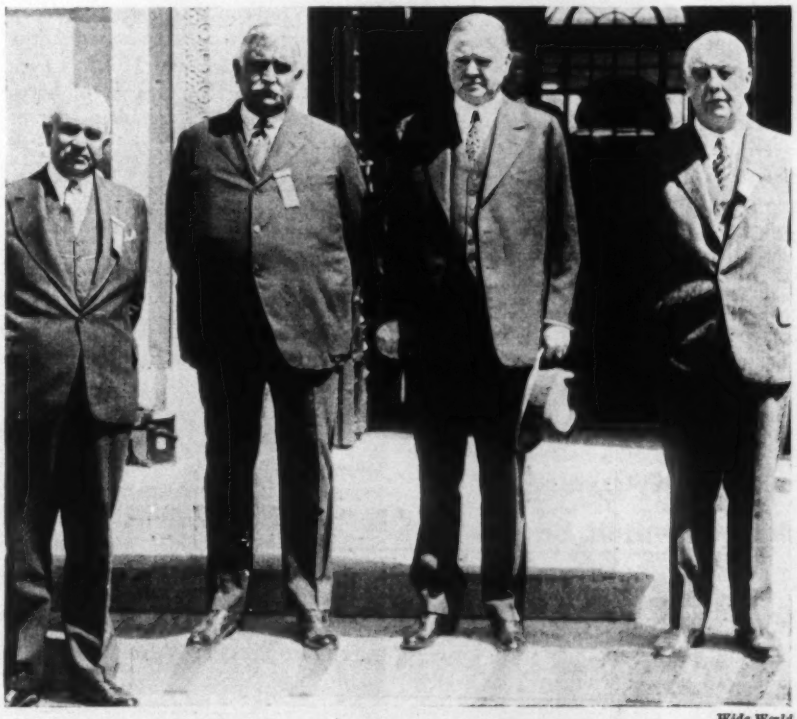
"The decision clarifies what has been a very confused and confusing situation as to railroad rates on agricultural products. Not only railroad traffic men, but representatives of shippers of manufactured goods, had been apprehensive that if the Hoch-Smith Resolution required arbitrary reductions in the rates on agricultural products, and those reductions were made and sustained by the courts, corresponding increases must be made in the rates on other traffic in order to compensate for the unjustified loss of revenue."

A traffic vice-president of a large western system raises the novel question of what may be the future status of the commission itself if rate-making—although delegated to it by Congress—is to be taken out of its hands and every important case made the subject of specific legislation and subsequent court review.

The decision virtually nullifies the resolution in the opinion of the vice-president of a major eastern road. The court held, he points out also, that the I. C. C. misconstrued the resolution in thinking that it required existing rates to be found unreasonable even though, had they been considered independently, they might have appeared reasonable to the commission.

May Affect Rate Cases

Of particular interest to the railroads was the Court's statement in the decision that rail carriers are not now earning a fair return on their value. This point will undoubtedly be used by the roads in future rate case proceedings.



Wide World

THE STREET AND HIGHWAY CONFERENCE MEETS

The third national conference recommended a permanent foundation to study the traffic problem, drew up model legislation covering registration, theft, licensing of operators, and regulation of city and country traffic. Left to right: Thomas P. Henry, president American Automobile Association; William Butterworth, president U. S. Chamber of Commerce; President Hoover; Richard H. Aishton, president American Railway Association

Europe's Copper Buyers Combine To Resist American Domination

By Special Cable to The Business Week

THE announcement that Amalgamated Metal Corp., which holds all the shares of British Metal Corp. and Henry Gardner & Co., is about to effect a substantial exchange of shares with Metallgesellshaft of Frankfurt is taken to indicate that European metal interests are combining to offset the influence of American producing organizations, particularly Copper Exporters, Inc.

Amalgamated Metal controls a chain of non-ferrous metal producers and distributors throughout the British Empire. Metallgesellshaft is the major base metal factor in Germany and Central Europe; it was formed in 1927 by the consolidation of 32 companies including mining, smelting, refining, distributing, and financing. It is reported that negotiations are well advanced to bring the Société Generale des Minerais—the Belgian counterpart of Metallgesellshaft—into the combine, while the eventual incorporation of French interests, already aligned with the British, is considered probable.

European commentators believe that the formation of this base metal bloc is symptomatic of the current tendency of European industrial organizations to override international boundaries, but that the immediate objective of this newest alignment is against American interests. Comment is critical of the limitations set by copper exporters upon European shipments even though stocks continue large; it is considered to be fairly logical and not at all unexpected that under conditions prevailing, European consuming interests should combine to combat the influence of organized American producers.

Advertisers in Britain May Get Audit Bureau

ENGLAND is to have an audit bureau of circulations, based on the American A. B. C., if advertisers, advertising agencies, and progressive publishers in England can convert certain conservative British publishers who have heretofore opposed any plan to establish standards of measuring circulation.

Thomas Bell, of Kodak, Ltd., chairman of the Incorporated Society of British Advertisers, Ltd., told the Association of National Advertisers in New York recently that much progress had been made in the matter through conferences between his association and several newspaper and advertising organizations. A British A. B. C. was first proposed 5 years ago at the International Advertising Convention in London. Present plans are being enthusiastically promoted by English advertisers and agencies supported by American advertising agencies with branches in Europe, and by American companies which do considerable international advertising, such as General Motors, Western Electric, Kodak, Addressograph. According to P. L. Thomson, president of the American A. B. C. and director of public relations of Western Electric, the advance of American advertising over British is attributable in part to the on-the-board methods of selling circulation in effect in this country.

Advertisers in Germany are fostering a similar proposal for the establishment of an audit bureau of circulations, instigated last year at the International Advertising Convention in Berlin. Sweden already possesses such an organization, and both Denmark and Holland have set up a cooperative system of sorts. France has shown a complete lack of interest. Incidentally, the American A. B. C. is now 16 years old.

South and Northwest See Important Bank Mergers

Two important banking consolidations were practically completed this week, one in the Middle West, one on the Pacific Coast, both of wide significance.

With its absorption of Caldwell & Co. of Nashville, the Bancokentucky Corp., headquarters at Louisville, becomes the biggest institution of its kind in the South Central region. Assets now combined to total $615,000,000 rank it among the banking leaders of the country.

This group is also notable as one of the biggest alliances to date between insurance and banking. Roughly $216,000,000 of the organization's resources are in insurance, the remainder in banking. The group has more than $1,800,000,000 insurance in force.

Now included are the Bank of Kentucky; Security and Louisville Trust; Pearl Market Bank and Trust, of Cincinnati; Bank of Tennessee, at Nashville; American Exchange Trust, at Tulsa, Okla., and numerous smaller institutions. Insurance companies include the Inter-Southern, at Louisville; Missouri State Life; Southwestern Life, at Dallas; Southwest Life, at Greenville, S. C.; Home Life, Fire and Accident, at Little Rock, and others.

Wide World

"WITHIN TWO YEARS"

Fred M. Harham, vice-president of Goodyear-Zeppelin, predicts regular transatlantic service within two or three years. He sailed for Germany on the Graf Zeppelin to study the commercial possibilities

Transamerica Goes North

On the Pacific Coast Transamerica Corp., the Giannini Holding Company, is sending an arm up into the Pacific Northwest. Negotiations are nearing completion for acquisition of the First National Group at Portland, Ore., with resources of more than $50,000,000. In San Francisco the move is taken as the start of the Transamerica expansion plan announced by A. P. Giannini before his retirement.

Official Transamerica entrance into the Northwest puts it in contact with the United States National Group of Portland the First Seattle Dexter Horton Group and the Marine Bancorporation. The Northwest Bancorporation of Minneapolis-St. Paul also is represented in the Pacific Northwest.

Some Say Ford Can't Cut Price; Some Say He Shouldn't: He Does

OTHER automobile makers may say nothing publicly about the latest Ford price cut, announced Sunday, but it is altogether likely that they are giving it considerable thought. During a period when most manufacturers are striving to their utmost to increase their business; when profit margins are precariously thin in many lines; when price increases in lieu of greatly increased sales seem to offer the only way to profitable operation: then to have the country's largest producer, competitive with nearly all lines of cars, cut his prices, which were already below others, is not a pleasant situation for the industry to face. The recent price cuts by Packard and Chrysler have had no such disturbing effect, since the industry recognizes that they represent merely clearance sales in advance of new models.

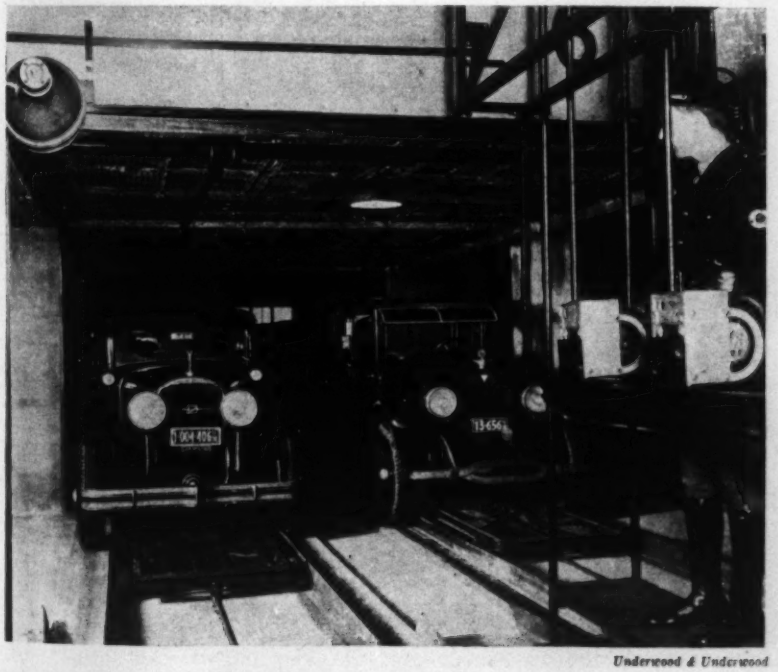
Ford's cuts of from $5 to $25—with most at the lower figure—will have no important effect upon the ultimate cost of his cars. But the psychological effect upon the car-buying public may be of considerable significance. Few, if any, makers can cut prices economically at their present rate of output; yet, if they fail to follow Ford's lead, a large part of the public is likely to believe that Ford is the only maker who is really trying to share his successes with his customers. The effect of this attitude, combined with the admittedly excellent product Ford factories now turn out, might seriously affect sales of other lines.

Among automotive men there is skepticism whether even the Ford price cuts were economically justified; many think his former margin of profit per car was too small to permit even a $5 cut without loss. Some see in his action more evidence of his alleged determination to sell at least 50% of all cars sold in the country, regardless. Ford sales now constitute over 40% of the total.

Is It Revenge?

Still others believe there is an element of revenge in his latest move. When the Model T finally passed out many of his industrial associates prophesied—rather gleefully, it may be stated—that Mr. Ford couldn't come back. They were wrong. He came back all the way. But perhaps he is not satisfied with attaining his former position; he may now want to demonstrate that he can sell more cars than ever before; that he can reduce prices when nearly all others are looking for ways of increasing them; that he can increase his sales in the face of seasonal declines which affect other lines of cars.

There are going to be some very careful checks made of sales figures during the next few months to see just what results from Ford's latest move. He has rarely been wrong in his estimate of what is needed to move goods; if he is right this time other makers—at least those directly competitive with him—will be virtually forced to follow.



Underwood & Underwood

AN ELECTRIC GARAGE FOR CITY PARKING

Owners may lock their cars because handling is completely automatic in this new Chicago garage. The cars are shunted about by electric "dollies" which run in under them and grip the differential housing

Ford Wage Studies Are Attacked by Europeans

HENRY FORD'S plans for expanding operations abroad, Americanizing European industry, and paying the equivalent of American wages to his European workers are not being gratefully received, on either side of the water. Over there the investigation of comparative wages and living costs made on his behalf by the International Labor Office, with money collected by Mr. Filene, is striking snags.

"Financial Dumping" Feared

As has been noted (*The Business Week*, Oct. 12, 1929), European industrialists are afraid of any systematic effort to introduce the Ford wage system in Europe. They are afraid, first, of a social-economic upheaval which might result from inoculating European workers with American ideas about wages. More than that, they are afraid that the introduction of the system backed by unlimited and cheap American capital would result in what they call "financial dumping," which means the establishment of artificial competitive conditions in Europe, the progressive elimination or absorption of European competitors and finally the American industrial colonization of the Old World. Their anxiety on this score is reflected in many lines of tariff and taxation policy now being developed in Europe.

Now it looks as though Ford might not get Mr. Filene's money's worth out of the investigations of the International Labor Bureau on his behalf. The bureau has been publishing statistics comparing real wages in the various countries for some time. Employers' organizations and their representatives in the International Labor Office have objected to these statistics as being un-

reliable. By political strategy within the Labor Organization, they have laid down the rule that the director of the International Labor Bureau has no authority to submit to Messrs. Ford and Filene the results of investigations made by the bureau on their behalf and at their cost unless the data are first approved by the board. *The Business Week's* European correspondents expect that the board will refuse consent on the ground that the figures are not representative. If this move fails, it is possible that other means will be taken to reflect upon the validity of the results of the investigation or to put other obstacles in the way of applying them

Labor Injunction Plea Lost for This Session

THE Shipstead Anti-Injunction Bill seems definitely killed for this session of Congress. By a majority vote, the Senate Judiciary Committee referred the bill to the Attorney-General for an opinion on its constitutionality; this is not expected in time to permit action before Congress adjourns within the next few weeks.

For the past 10 years organized labor has sought anti-injunction legislation, after becoming convinced that the Clayton Act offered it no real relief. Many bills have been presented in Congress but only 2 have been endorsed by the American Federation of Labor. The first was the Shipstead Bill of the 69th and 70th Congresses, upon which extensive hearings were held in 1928. Practically no support was found for this bill outside the A. F. of L., so a new bill was drafted.

Suggests Minor Changes

The federation denounced the Senate bill at its 1928 convention, but last year, at Toronto, gave its approval after suggesting minor changes. This bill, now before Congress, is the most explicit anti-injunction measure ever to be offered in the United States. It assumes that Congress has authority to control the use of injunctions by Federal Courts; provides that none shall be granted except as provided for in the act, nor contrary to the public policy which the act declares to be that employees shall have full freedom of association and the right to name representatives of their own choice in negotiating with employers—a belief apparently sustained by the Supreme Court in its recent decision against the Texas & New Orleans R. R. (*The Business Week*, June 4).

Woll, Attacking Ford, Fails To Think Problem Through

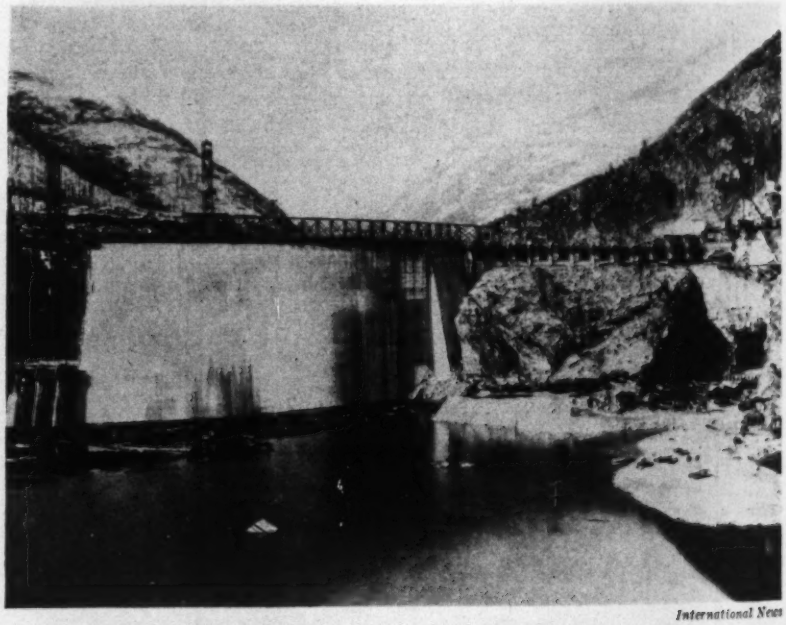
The International Flow of Capital Runs Both Ways And Is Stimulated by Barriers Raised to Stop It

WRITING as president of the American Wage Earners Protective Conference and spokesman of the labor high-tariff point of view, Matthew Woll, vice-president of the American Federation of Labor has circularized Congress, attacking Henry Ford for his protest against the pending tariff bill. Woll says Ford's motives are not disinterested because he wants to import automobiles manufactured abroad as he is now importing tractors. He charges Ford with producing tractors in his Cork plant at less than 60% of the cost in America, and says that last year almost 70% of the tractor production in this plant was brought into America free of any duty on the ground that these tractors are agricultural implements, now on the free list. Woll wants to know whether tractors used in hauling cement or brick through city streets are really agricultural implements and whether farmers are receiving the benefits of some $150 in tariff duties per tractor which Ford saves by importing them free under the ruling of the Treasury Department that they are agricultural implements.

He objects to Ford's making tractors in Cork and selling them in the United States free of duty not only because between 6,000 and 10,000 workers in Ford's Detroit tractor plant were thrown out of employment as a result of the Ford emigration to Ireland, but also on grounds of general principle. He says bankers and industrial interests that have invested American money abroad in various industries want low tariffs in order to safeguard their investments by opening the American market to the products of these foreign plants. This emigration of American dollars, he thinks, should be stopped, and the money kept at home in order to increase opportunities of employment for American workers.

The proper economic policy, according to Woll, would be to keep foreign labor and foreign goods out and American dollars at home.

The American Federation of Labor, in the early stages of the tariff bill, tried to prevent the manufacture of American patented products abroad by having inserted a provision which would exclude



International News

SEATTLE HARNESSES THE SKAGIT

The Diablo dam, 425 feet high, one of the units in Seattle's power project, will back up water for 7 miles. It is 880 feet along the top

Wide World

TO HELP FLOAT REPARATIONS BONDS

Sir Josiah Stamp, G. B. E., and Lady Stamp as they arrived on the Berengaria. Sir Josiah is chairman of the London, Midland & Scottish Railway, a director of the Bank of England, a member of the Dawes Plan and Young Plan committees, and an economist of international reputation. His visit just prior to the floating of reparations bonds June 10 was called a "happy coincidence" by Thomas W. Lamont

such products from the American market, but this provision was cut out in later revisions of the bill.

The Woll argument about foreign investment is plausible on the surface and is making an increasing appeal not only here but in many foreign countries. The trouble with it is that it is not carried far enough. Those who are alarmed about the international movement of capital are quite clear about what is happening, but they apparently do not understand the reason. These international movements of capital are taking place naturally as a result of an economic tendency to equalize world prosperity and offset or compensate for the inequalities resulting from artificial tariff and immigration barriers to international trade and to the international movement of labor.

Not One-Sided Flow

They are by no means one-sided. Just as American capital is going abroad to take advantage of more abundant and cheaper labor and to get behind foreign tariff walls, so foreign capital is coming to the United States to take advantage of higher prices and the larger purchasing power of the American market, and to get behind the American tariff wall.

Manufacturing in the United States by foreign interests under American patents is becoming so common and offers such opportunities that the British Chamber of Commerce in the United States recently published a kind of handbook of information as a guide to foreign investors and concerns interested in getting behind the American tariff wall.

In the long run, neither tariffs nor any other kind of protected barriers against the movement of goods and labor internationally can prevent the gradual equalization of economic advantages through the flow of capital between countries, and the more restrictive such barriers are made the more the international flow of capital is stimulated.

Kroger Chain Broadcasts; Opens Experimental Store

THINGS are beginning to pop under the new regime ruling the Kroger grocery chain (*The Business Week*, May 7). The company will now undertake to drown out anti-chain furor with radio broadcasting. The first of the new Kroger air programs was initiated on June 4, with an intensive coverage in the 16 Middle Western and Southern states in which are concentrated Kroger's 5,500 retail food stores. The broadcasting series will run for a year.

A second innovation is the recent opening in Cincinnati of a large, complete food store, first of its kind. If successful, it will be followed by other similar units. In addition to the regular line of Kroger goods, the new store handles soda fountain luncheons, tobacco, magazines, fine box candies, and a full line of delicatessen goods. Automobile patrons receive curb attendance, and there is an information service for the benefit of tourists.

Marketing Changes Await Ruling in Packers' Case

THE question of whether the packers' consent decree should be modified is at last in the hands of the courts. Hearings started June 3 before the Supreme Court of the District of Columbia. Far-reaching changes in distribution await the decision. Some of the questions it will help to answer:

1. How shall quick-frozen meats be distributed? If the packers are going to do the job, as they undoubtedly will if they are allowed to go into retailing, it would be folly for others to build up the physical plant necessary for distribution.

2. What is going to happen to the independent butcher? The force of economic conditions has been pushing him into the grocery business. He is holding back to see what the packers are going to do.

New Brands Hesitate

3. How far is the substitution of packaged for bulk foods going to develop? Some packaged brands recently introduced are making great headway, but the introduction of new ones has slowed up. If the packers get into the race, it won't be so easy.

4. Will nationally advertised brands supersede private ones? Outside New York City, where the tide has been running the other way, it looks as though they would. But the advertising of a swarm of new brands has been held up through fear of what packer-competition may do to them in the grocery trade.

5. Frosted foods have demonstrated their popularity in a test sales at Springfield, Mass. Must the packers be let in on this new development?

6. A new grocery store opens in Manhattan with girls selling sliced meats; butchers are not in evidence. More stores of this kind are talked of; package robots are being tried out; other revolutionary plans are in the air. But everybody is watching that District of Columbia Supreme Court.

Philadelphia's Survey Shows Peak of Unemployment Passed

But, with 14.4% of Workers Ending April Jobless, The Count Still Runs 40% Heavier Than a Year Ago

UNEMPLOYMENT in Philadelphia is more than 40% heavier this spring than in the same period last year, according to a house-to-house survey of 36,100 families made in the last week in April by the Bureau of Compulsory Education and the Industrial Research Department of the University of Pennsylvania. Out of 71,895 employable persons in these families, 8,377, or 11.7%, were unemployed because of inability to find work. In addition, 2.7% were out of work because of sickness or other causes, making a total unemployment of 14.4%. This compares with 7.8% unable to find work in April, 1929, and total unemployment of 10.4% at that time.

As the recent canvass covered approximately 7.5% of Philadelphia's families, it is probably representative of the entire working population. Calculated on this basis for an estimated total of more than 900,000 workers in Philadelphia, over 105,000 wage earners were unemployed because of inability to find work this spring, as compared with about 73,000 in 1929. Total unemployment, including that resulting from sickness and all other causes, amounted to more than 125,000.

More Jobs in April

This recent survey shows that unemployment in Philadelphia was probably much more severe in April, 1930, than at any time since the depression of 1921-1922. Considerable encouragement, however, is found in the fact that in all of the 10 school districts the supervisors directing the survey reported that the worst of the unemployment had passed at the time the canvass was made in the last week in April. Families in all sections of the city reported an improvement in labor conditions since the latter part of the winter, and many wage earners who were out of work during February and March had found jobs during the first three weeks of April, just prior to the time the canvass was made. This betterment in the employment situation partly reflects the usual spring revival as well as some industrial expansion.

The Director of the Census recently issued permission to local census supervisors to release the main results of the unemployment census made during April. Some, not many, of these figures have been released, usually in a way that gives misleading ideas of the extent of unemployment. A supervisor in New York City, for example, recently said that the percentage of unemployed in his district was 4.7%. This meant 4.7% of the total population, not of the population usually gainfully occupied. Since the working population is about two-fifths of the total for the country as a whole, this would indicate that in this district about 11.7% of the employable population was out of work—the same proportion as was shown in the Philadelphia survey—exclusive of those unemployed because of sickness or similar causes.

Consumers Are Buying, But Stores Are Not

DEPARTMENT stores sold more in April this year than last, throughout the country, but wholesale trade is off. In clothing, the drop is reported to be at least 10%. One group of department stores reports its general purchases off 40%. In short, customer buying is continuing normal in volume. Prices are off somewhat, so that some lines show a slight loss of dollar volume, while others show a gain. But retailers are holding back in their buying.

There are two influences at work to keep retail stocks small. First, the winter's business drop has made traders wary. There is a great increase in hand-to-mouth buying. Secondly, there is a wave of elimination of slow-moving lines. For example, certain stores are carrying two croquet sets—a quality and a price offering—where before they carried a dozen. Grocers are carrying three or four brands of coffee where before they had 17 brands. The result has had a visible effect in the statistical showing throughout almost all branches of wholesale trade.

M. I. T. to Turn Engineers Into Business Executives

BUSINESS training with an engineering background to prepare students for management work in commerce and industry will be given in graduate and undergraduate courses at Massachusetts Institute of Technology next fall. More than half of the graduates from the present M. I. T. course in engineering administration report that they were holding important executive positions

Acme

PIONEER

Twenty years ago, Glenn Curtiss took 2½ hours to fly from Albany to New York in a contraption of bamboo and faith. Last week, he did it again in 1 hour and 20 minutes in a roaring Curtiss Condor carrying 18 passengers

Keystone

SHIPS THAT PASS

The Soviet ship Sacco, named after the Italian-American Communist, is moored near a freighter of the American Export Line in Alexandria

within 7 years of graduation; 75% became executives within 9 years.

The new course will attempt to teach students how to apply the methods of science to the problems of management and administration and instill a scientific spirit and engineering viewpoint.

The new department will be sponsored by an advisory committee of financiers and industrialists including Victor M. Cutter, United Fruit Co.; John R. Macumber, Harris Forbes & Co.; F. Wright Fabyan, Bliss Fabyan & Co.; Alfred P. Sloan, General Motors Corp.; Charles A. Stone, Stone & Webster, Inc.; Gerard Swope, General Electric Co.

Anthracite Industry Fights to Embargo Russian Coal

ANTHRACITE will probably be the next Soviet export against which the United States will put up the bars. Strong pressure is being brought to bear to invoke the anti-dumping provisions of the present tariff law against imports of anthracite from Russia, as they were recently applied to imports of commercial safety matches. Neither anthracite nor safety match imports have been large in amount, but sufficient to start a good hot fire of opposition.

United Ranks Fight

The United Mine Workers, which controls all the labor in the anthracite field, the Anthracite Institute, representing practically all of the owners and operators of mines, and the Anthracite Cooperative Association, composed of representatives of mine owners, mine workers, and business and civic organizations in the Pennsylvania coal fields, are working together to shut out Russian coal.

A bill to this end is pending in Congress but it would probably be unnecessary to invoke special legislation for an embargo, since this can be done by the Treasury Department under the provisions of the Tariff Act whenever it is demonstrated that the coal is being brought in and sold at less than the cost of production in Russia. Evidence of this kind has been presented to the Departments of Commerce, Labor, and the Treasury, as well as the Tariff Commission, by the interested organizations, and the Secretary of the Anthracite Cooperative Association says that the Commissioner of Customs in the Treasury Department has made a report to Secretary Mellon favoring the embargo.

Transportation Subsidized

The organizations asking the embargo say Russia is not only selling this coal below cost but is subsidizing its transportation here. Although Russian coal has been distributed so far only by New England and Canadian dealers, and the amount is admittedly small, the organizations are quite heated about the future possibilities. February imports were 137,000 tons, 6,000 tons more than during the whole of 1929.

The Soviet 5-year plan calls for a minimum export of 15 million tons by 1933. Those protesting against these imports estimate that by the end of another 5-year period Russia would be able to dump 60 million tons of anthracite in the United States, only 2 million tons less than our production last year. The anthracite people, at least, take the Soviets' 5-year plan rather seriously —probably a bit too seriously.

The curious twist to this latest anxiety about Russia, as well as some others, is that the Russian anthracite is being mined under the direction of American engineers trained in the Pennsylvania fields. It is said that 30 American engineers, 18 of them from Pennsylvania, are in the Russian anthracite fields now. They are reported to be paid for three months' work double their yearly salary here, with a privilege of spending the other nine months of the year in this country, all expenses paid.

Wages, $2 a Day

Estimates of Russian costs of producing anthracite given out by the protesting organizations are low, expressed in American money. The daily wage of an experienced miner in Russia is reported as about $2.00 against $9.00 to $11.00 for American miners. The labor cost of mining coal is estimated at about a dollar a ton as compared with $4.60 here. The Anthracite Institute says that a ton of Russian coal sold to dealers in Boston at $5.50 actually costs the Russian government $7.00 a ton unloaded at the Boston wharves, as compared with $12.75 a ton for similar American coal delivered in Boston.

This Russian coal episode has a certain timely importance because the anthracite miners' union and the employers meet June 9 to discuss the renewal of the 5-year wage agreement which expires August 31. It is understood that the miners will not be asking for a wage increase.

Call for Inspection Law To Cut Motor Accidents

"HAVE your car repaired adequately and often unless you wish to become a motor fatality" is the advice given by the Committee on Maintenance of the Motor Vehicle of the National Conference on Street and Highway Safety. According to its report, 15% of the 33,000 fatal motor accidents last year

were caused in part by defective vehicles, improperly maintained. The committee recommends legislation to require periodic inspection of all vehicles and, in the case of those 4 years old or more, a certificate of inspection as a prerequisite to issuance or renewal of license.

Regular inspections should cover brakes, lights, steering gear, horns, windshield wiper, and other vital mechanical parts. During inspection campaigns conducted in several states such as Pennsylvania, New York, and New Jersey the following defects were discovered on cars examined: defective brakes 25% to 28%; lights 13% to 25%; steering gear, horns, and other accessories up to 7%.

Radio Industry Threatens To Repeat 1929 Mistakes

WITH 90 fewer exhibitors this year than last, the sixth annual trade show of the Radio Manufacturers Association ran its course in Atlantic City this week. Of the 200 manufacturers who took space, Radio Corporation of America and Atwater Kent staged no displays, preferring not to reveal their new sets until later in the summer.

Sets feature refinements in tone control, automatic volume control, provisions for remote control tuning; no general adoption of the 5-element tube. Prices range about as last season.

Breaking into the professionally optimistic statements of manufacturers to the effect that the radio business is headed for prosperity in the fall, one hears frequently a note of warning. In 1929, it is pointed out, 4,700,000 radio sets were made of which 4,200,000 were sold. Indications are that the 1930 demand will be restricted to 3,500,000 sets. Already, however, manufacturers' schedules call for a production of 5,500,000 sets this year—just 2,000,000 too many.

Says *Electronics:* "Will 1930 see a repetition of the serious surplus of radio receivers which made a nightmare of 1929, and spilled over into the spring dumping of 1930? Frankly, it looks as if we were headed that way. In the race for lower production costs on unit sets, huge production orders are right now being set up. What is the net result of this rush to cut down costs and prices? It simply means that manufacturers are being forced into schedules of such magnitude that these figures, when added together, make totals far beyond any possible absorbing power of the 1930 market."

ATLANTA'S WALL STREET

Edgewood Ave., looking toward Five Points. At the end of the street is the Citizens and Southern National Bank; adjoining it (low building with thick columns) the Fulton National, an important institution housed in modest quarters. Next to the left is the steel work of a new building for the First National group, the South's largest. In construction, right background, new quarters for the Trust Company of Georgia

Atlanta Is Rebuilding Its Financial District

NUMEROUS changes are occurring in the financial district of Atlanta as that city grows in importance as a credit and investment center for the South.

Atlanta's First National group of banks, largest in the South, is an important factor both in the region and in the banking world. More than $150 millions of resources are in the institutions of the group, which now ranks twelfth in size among such organizations in the country.

John K. Ottley, president, says that it "undertakes to stabilize banking conditions in the Atlanta trade area" and adds that only the larger and stronger banks lend themselves to group organization. He told Congress that "branch banking alone can meet the needs of the small communities."

The presence of the Federal Reserve bank at Atlanta, with a district stretching to the westward including New Orleans, accounts for much of the city's rapid financial development. Some 20 banks constitute the city's present banking system. That only 4 of these are national banks is significant.

Other bank groups are growing up in the Southland. The Bancokentucky group at Louisville has resources exceeding $140 millions, the Exchange National group at Tulsa, Okla., has more than $113 millions, the Fourth & First National group at Nashville, Tenn., has above $100 millions and the Citizens and Southern National group at Savannah over $95 millions.

Oakland Builds a School For Foundry Apprentices

THE 146 foundry apprentices located in and near Oakland, Calif. are to have a properly equipped school building and regular training. The East Bay Foundrymen's Association of Oakland has enlisted the cooperation of state and local boards of education in the erection of a school building to be completed this year, and in the installation of apprentice training courses. All apprentices in the district will be required to attend the school one-half day per week and will be paid for the time spent there. In addition they must attend night school regularly. State and local boards of education share the cost of the new school building; courses of instruction will be developed with the aid of the Foundrymen's Association.

U. S. Steel At Last Invades Chromium Alloy Field

UNITED STATES STEEL CORP. at last has joined the rapidly growing ranks of steel companies which make stainless and heat-resistant alloys. Two types—USS Chromium steel and USS Chromium-Nickel steel—will be turned out in a series of compositions and grades. The South Chicago plant of the Illinois Steel Co., with probably the largest installation of electric furnaces in the country, will supply semi-finished materials to American Sheet & Tin Plate Co., American Steel & Wire Co., Carnegie Steel Co., and National Tube Co. for fabricating into various products. In two years the market for chrome and chrome-nickel alloys possessing great resistance to rust and corrosion has grown rapidly.

Used on Buildings

In laboratory equipment, household and factory supplies, sporting goods and a hundred other places, a real market has been developed for stainless alloys. The newest claimant for the title "tallest building in the world"—the Empire State Building, being erected on the site of the old Waldorf-Astoria Hotel in New York—is to have a large amount of bright chrome-nickel alloys employed in its exterior trim. Pilaster facings, mullions, and decorative window caps are to be made of Allegheny Metal—product of Allegheny Steel Co.—the same type material used in Ford cars.

Since similar material—Enduro Nirosta, manufactured under Krupp patents—was used extensively on the Chrysler building, evidently the new ferro-chrome alloys have found a real place for themselves in construction.

Already it has been announced that plans have been drawn for an all-metal apartment house in Chicago. For metal facing and all-metal buildings this new construction material is expected to compete with stone, brick, and other materials in every respect, including cost.

It is not believed that the entrance of Big Steel into the market will greatly affect it. There are already at least 20 steel makers producing similar products, many of them operating under Krupp Nirosta patents.

New Gas Lines Bring Boom to Pipe Business

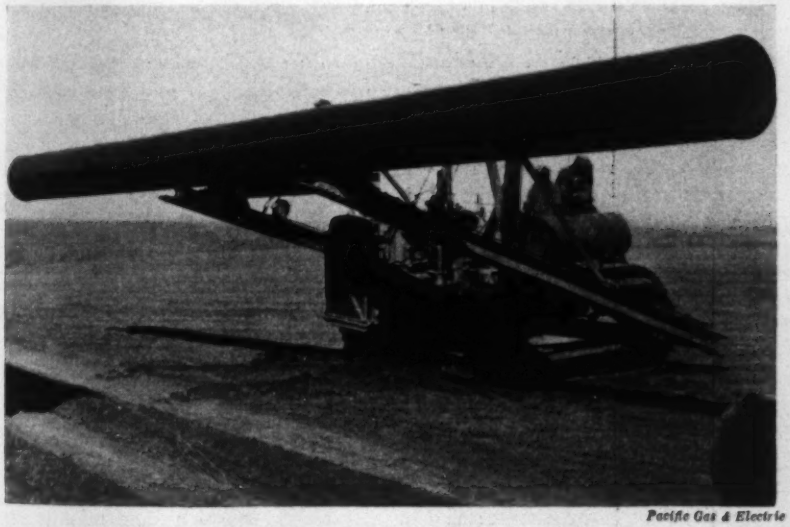
DELIVERIES of 2 miles of pipe line a day are being made to the Missouri-Kansas Pipe Line Company for use in a 1250-mile natural gas line now under construction from the Texas Panhandle to the North Central states. This will make the fuel available to many medium-sized industrial cities of that section. Deliveries are expected to reach 6 or 7 miles a day in July and August.

The new line is being financed by the Missouri-Kansas company with $40 millions derived from the sale of common stock, according to Frank P. Parish, 34-year old president of the concern—a leading wholesale distributing agency in the natural gas field. While the company has large producing interests of its own (1,069 wells—740 controlled under purchase contracts) its chief business is to transport gas for sale direct to large industrial users or "at city gates," and to existing utilities that use it to enrich manufactured gas. Missouri-Kansas has built a number of retail distributing systems to take care of smaller communities where no gas was available before.

32 Miles a Day

The gas industry's problem is to secure distribution, not production, observers point out. More gas than can be used is pouring out of wells now.

A. O. Smith Corporation, Milwaukee, largest makers of the 22- and 24-inch trunk line pipe, is equipped to produce 32 miles of it a day, which is well above the demand. National Tube, McKeesport, Pa., the only other sizeable producer of 22- and 24-inch pipe, is said to have bookings well ahead. Its capacity is much less than that of the Milwaukee company. It offers a seamless pipe; A. O. Smith an electric-weld product. National Tube enjoys certain competitive advantages due to the U. S. Steel Corporation's close affiliations with companies that are or will be large pipe purchasers. Republic Iron and Steel, an important pipe producer, makes only smaller diameters as yet, but expects to be making sizes up to 16-inch within a few weeks.



Pacific Gas & Electric

LAYING STEEL PIPE FOR WEST COAST GAS LINES

The 26-inch pipe is in 2-ton, 40-foot lengths. A tractor with mechanical "hands" lifts it off the truck and places it in position. After welding, it is buried in a trench dug by machine. Bends are made by one tractor sitting on the pipe while another lifts

Chile Strengthens Hand Of Nitrate Producers

CHILE is going right ahead with its project for strengthening natural nitrate producers' position so that they may present an imposing front at the congress now in session in Paris, which will attempt to bring about a world agreement between the natural and synthetic producers (*The Business Week*, May 21, 1930).

Further details of the $366,000,000 company now being formed by the government and 60 of the large producers were revealed this week. American, British, German, and Slav interests in the Chilean nitrate industry will, it appears, be shareholders in proportion to

their present holdings, with shares exchanged for those of the new combine. The government shares are considered paid for from the start, but Chile is obligated to discontinue the export tax on nitrate at the same time it turns over to the company undeveloped nitrate properties.

Other provisions include removal of tariff duties on machinery, a fixed tax of 6% on profits, centralized buying agencies here and abroad, centralized distribution and sales agencies, reduction of transportation charges to lower the cost of nitrate. The company is to be established for 60 years and cannot be liquidated before that unless 75% of the shareholders with the right to vote express such a wish.

Oil Board Endorses Unit Plan of Operation

THE unit plan of operation, accepted by operators, recognized by the courts, and demanded by the states is the most satisfactory means of obtaining conservation of our natural oil and gas reserves according to the report made to the President last week by the Federal Oil Conservation Board. By the unit plan, all the operators tapping a single pool agree upon the total output to be taken from it and then allocate this total among themselves in some equitable manner.

The board points out that, once an oil pool is tapped, it becomes almost common property of all those having rights in the pool, so that under normal operating conditions each well and each lease holding must be exploited to its fullest extent to prevent its natural supply being drained by adjacent operations. It adds that, without court recognition of this community of interest, making it possible to enforce legal restrictions upon pool output, all attempts at conservation must be based solely upon voluntary cooperation which, heretofore, has not been strong enough to prevent increasing overproduction and huge wastes, particularly of gas.

Could Double Output

Only once during the last 5 years—in 1926—has domestic demand for petroleum products exceeded output, the board reports. Oil stocks have grown until at the end of 1929 they totaled 682,000,000 barrels—nearly 8 months' supply—and they are still growing. Despite this there never before has been so large a shut-in production. Experts state that if all the wells in California, Texas, and Oklahoma were opened to full capacity, present daily output, large as it is, might be temporarily doubled.

The board is optimistic of the future market for natural gas which, up to now, has been mostly wasted. As told before in *The Business Week*, the past year or two has been one of huge expansion in pipelines which have extended natural gas use to industrial centers 500 miles and more from the wells. Last week a contract was awarded for a 1250-mile line from the Texas Panhandle to Indiana—the longest gas line ever to be laid. Increased development of these markets will make pool operators, now chiefly oil-minded, realize the monetary loss to them of blowing salable gas into the air and the conservation effort will eventually enlist their active support because of its effect upon their profits, if for no other reason.

Shoe Decision May Open New Field for Mergers

A MANUFACTURING company which sells 95% of its product in small towns may acquire substantially all of the stock of another corporation which manufactures the same line of goods but which sells 95% of its product in large cities, without violating the Clayton Act.

This decision, rendered by the United States Supreme Court in the case of International Shoe Co. v. Federal Trade Commission, is of great significance to the field of distribution.

Earlier Decision Reversed

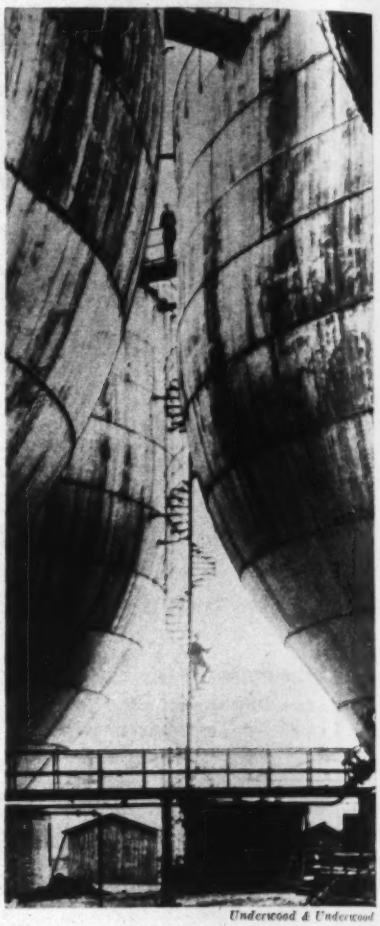
In May, 1921, the International Shoe Co. of St. Louis acquired substantially all the stock of the W. H. McElwain Co. of New England. The Federal Trade Commission ordered the International Shoe Co. to divest itself of all such stock on the ground that the acquisition would result in lessened competition between the two companies and in restrained commerce. The Circuit Court of Appeals affirmed this order.

The Supreme Court, however, has now held that the International Shoe Co. may lawfully retain the stock of the McElwain Co., since the products of the two companies actually were in competition in only a few places, and that "while a portion of the product of both companies went into the same states, in the main the product of each was in fact sold to a different class of dealers and found its way into distinctly separate markets."

Because of differences in marketing policies, the McElwain shoes appealed to wholesalers who sold to retailers in cities of over 10,000 population, while the International shoes sold mostly in towns of 6000 or less. "The International," says the decision, "made and sold a line of men's dress shoes of various styles which, although comparable in price, and to some degree in quality, with the men's dress shoes produced by the McElwain Company, differed from them in important particulars."

Based on Sales Facts

It appears that, in this case, the Supreme Court based its decision on the actual sales facts rather than on potential markets in which competition might have been very much more keen than was actually the case at the time of the purchase. Such a basis as that would permit many mergers which hitherto would have been considered illegal.



Underwood & Underwood

NITRATE NIGHTMARE

In these balloon-like tanks is stored the ammonia liquor produced at Germany's synthetic nitrogen plant at Oppau. The nitrogen from 150,000,000 cubic feet of air is extracted in the course of a year

The Farm Board Is Invited To Stabilize the Farms

Grangers Offer Mr. Legge a New Idea as He Watches The Bulls in the Wheat and the Bears in the Cotton

THERE has not been enough change in the crop situation or in market conditions to have much effect upon wheat or cotton prices. Bullish factors have been about offset by bearish ones and wheat has fluctuated closely around the dollar level with cotton around 16 cents. Official government crop and acreage reports for June, due soon, are not expected to have much influence. Both wheat and cotton prospects are still in the early speculative stage. Private estimates on wheat average around 800 million bushels for early and late crops together, not much below last year.

Canadian Pool Unloading

Exports of American wheat are lagging again after a slight tendency to pick up at the end of May. Outgoing wheat last week, for example, was 925,000 bushels against 1,329,000 the preceding week and 1,486,000 a year ago. Canadian wheat has been moving out somewhat better than American. Great Lakes shipping and Canadian railway activity has picked up considerably in recent weeks. Even Mr. Legge said recently that he thought the Canadian pool was in a comfortable position with less wheat than a year ago, a quantity not excessive and which it will work off naturally.

The most bullish wheat factors are accumulating evidences of crop deterioration in Europe—so much so that European buyers are reported to be cancelling farm equipment orders. The Russian crop prospects also are not very favorable. Nevertheless, no one is speculating on wheat much higher than a dollar during the rest of the year.

Cotton Buying Curtailed

While the American wheat crop is in fairly good shape, the cotton crop is suffering from unfavorable weather. This factor together with Farm Board operations is holding up the price in spite of worldwide curtailment of cotton consumption. Recent news shows further drastic curtailment of operations by Japanese cotton mills, cutting consumption of American cotton in the Far East heavily. The collapse in the price of silver has intensified this situation and will probably further retard purchases of American cotton in the Far East.

Mr. Legge, Farm Board chairman, admits the board is not doing anything very exciting these days. Farmers and co-ops who borrowed government money on wheat at prices of $1.25 a bushel probably will not feel that way when they read the most recent statement of Farm Board policy about liquidating these loans on July 1. The board, through its affiliated marketing organizations, is going to insist upon payment of these loans by delivery of virgin country-run wheat, and will not accept any inferior quality, "terminal processed or hospital" wheat as a substitute. If such wheat cannot be delivered to liquidate the loans cash will be required. This will probably mean some unhappy farmers or local cooperatives by the end of June.

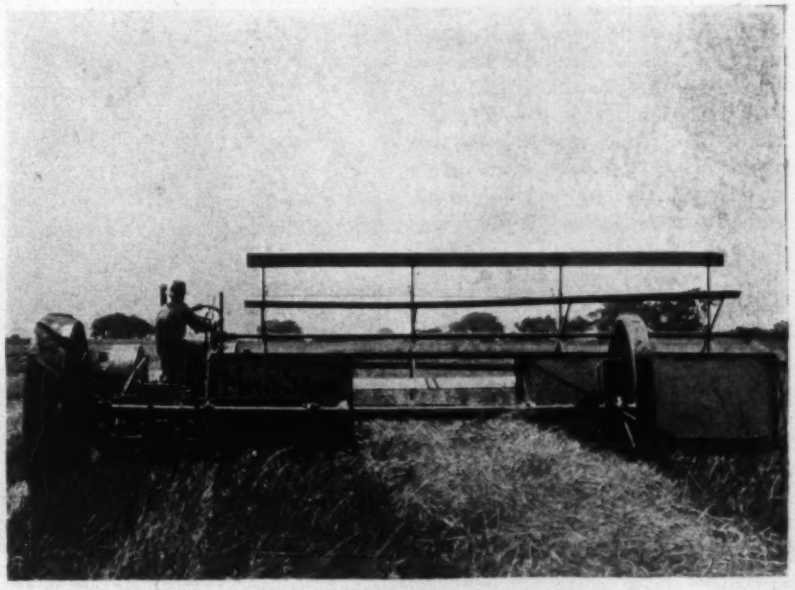
There are indications that the farm organizations have not yet had enough stabilization. The National Grange is reported to be developing a proposal for creation of a National Land Stabilization Corporation, financed by the federal government, for the purpose of taking off the real estate market farms on which mortgages have been foreclosed or will be foreclosed by various banks of the Federal Farm Loan system. The idea will be presented at the next annual meeting of the Grange.

To do this would be to carry the stabilization idea one step farther beyond the actual crops, to the land. Perhaps if that doesn't work any better than the stabilization of crop prices has, a further and final step might be suggested. The farmers themselves might be stabilized by organizing a stabilization corporation to take them off the land and support them in governmental institutions.

Fear of such indefinite extension of the stabilization theory may be one reason why there are increasing reports of impending resignations of Farm Board members. Legge is expected to retire next year and McKelvie, who carries the burden of wheat, much sooner.

Textile Research Fund Is Now a Certainty

WITH final enactment of the Merritt Bill creating the Textile Foundation, the application in textile research of the $1,800,000 derived by the Textile Alliance from the sale of German reparation dyes becomes a certainty. The new corporation will receive the fund as soon as the Textile Alliance is discharged of its trust by the U. S. District Court in New York.



A SUPER-LAWNMOWER

The windrow-harvester is used where the grain is too wet or too green to be harvested by the combine (reaper + thresher). The grain is cut and left to dry on the stubble, later to be picked up by the combine

The New York Central Springs A Surprise Holding Company

Formed to Sell Stock to Employees, It Begins A Buying Career With the Lackawanna Purchase

THE NEW YORK CENTRAL has stolen a march on the railroad world, the Interstate Commerce Commission, and Congress. It all came to light this week with the discovery that for 6 years the N. Y. C. has had its own holding company endowed with all the possibilities of the Van Sweringens' Alleghany Corporation and the Pennsylvania's Pennroad, both of which have come under the watchful eye of the Congressional committee investigating rail holding companies.

Wholly Owned by Road

Not until it became known that N. Y. C. interests had purchased 77,000 shares (4.6%) of Delaware, Lackawanna & Western stock which, with holdings of George F. Baker, George F. Baker, Jr., and the Vanderbilts, practically gives them working control of the road, was the existence of the Securities Corporation of the New York Central Railroad (official title) generally noticed.

Resembling Pennroad, Alleghany, and other similar companies in all their possibilities, the N. Y. C. holding organization differs from them only in that apparently, it is wholly owned by the railroad, while the others have sold their stock to as many investors, figuratively speaking, as they could reach, although retaining control in their own hands. The Securities Company was formed in 1925, ostensibly for the purpose of handling financial details attendant to the sale of 75,000 shares of N. Y. C. capital stock to officials and employees of the road at $130 a share.

First Move of Series?

The N. Y. C. can do a lot with this subsidiary company. Some observers believe that the Lackawanna move is the first of a series in which the N. Y. C. will engage; that the road has at last adopted a definite policy in the Eastern consolidation problem. The Chesapeake & Ohio and the Baltimore & Ohio had hoped the N. Y. C. would ask the I. C. C. for the Lehigh Valley, now controlled by the Pennsylvania. The B. & O. also hoped that the N. Y. C. would relinquish its interest in the Reading in favor of the B. & O. Now the N. Y. C. apparently has turned to the Lackawanna, in which neither the B. & O., the C. & O., nor the Pennsylvania has any interest, and which, of late, has been controlled by interests friendly to N. Y. C. This is bad news to the Van Sweringen-controlled C. & O., since that road had applied for the Lackawanna and had been awarded it under the I. C. C. merger plan. So it is evident that the N. Y. C. with its Securities Corporation is in a position to upset the deep-laid plans of the other railroads.

The holding company has a Delaware charter with all that this implies as to the broad scope of activities in which it may engage. Its president is C. R. Dugan, assistant to the vice-president in charge of finance and corporate relations of the N. Y. C. Lines.

What status the Securities Corporation will have in the general study of holding companies now going on in Washington is difficult to forecast. Opinions of financial observers are that the company, if it is buying railroad stocks in competing lines, is in a position analogous to that of Pennroad and Alleghany without the possible advantage which those corporations enjoy of having their stock widely held. It is felt, however, that the N. Y. C. financial instrument will sooner or later attract the attention of Washington.

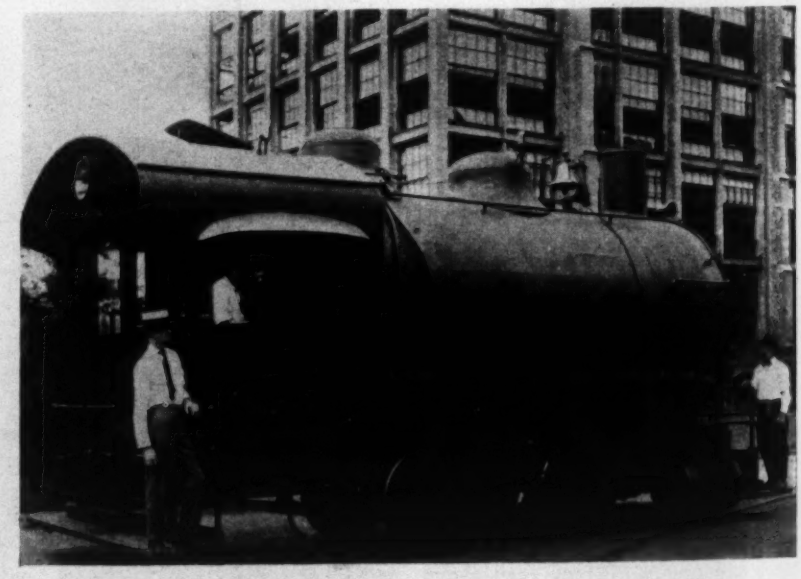
Workin' on the Railroad Not What It Used to Be

HOME modernization extends even to the railroad construction camp train. In the Chicago, Milwaukee & St. Paul's new $500,000 Muskego yards at Milwaukee, "workin' on the railroad" means living in a 27-car train whose features include:

Car floors and walls of matched lumber, insulated against the weather; screened doors and windows; electric lights connected with neighborhood power lines; beds with springs and mattresses; lavatories with running water and shower baths.

The train includes a mess car, kitchen car, tank car, refrigerator car, storage car, accommodates 250 workmen; no broken-down box cars, with wooden shelf bunks, lantern-lighted, dirty, vermin-infested.

Result of modernization, says the railroad, is an exceptionally desirable class of workman, no labor turnover problems, and men always on the job since their spare time is spent in comfortable surroundings playing cards, reading, or listening to the radio.



FIRELESS LOCOMOTIVE

No coals glow under the boiler of this locomotive, no smoke issues from its stack. It will shunt cars for hours on a single charge of steam. Eliminating dirt and fire risk, it can be run in and out of buildings. It is used by the National Cash Register Co. at Dayton, Ohio; built by Lima Locomotive Co.

ALL ONE COMPANY SOON?

This 5 billion dollar group of utilities, headed for a merger, produces a quarter of the nation's electric power

Utility Companies Move Into Merger Alignment

UTILITY interests continue to pave the way for ultimate merger of the 5-billion-dollar group of companies along the Atlantic seaboard. United Corporation, holding organization, now owns 27.9% of the common stock of Columbia Gas & Electric, 26.9% of the United Gas Improvement, 17.9% of the Public Service Corporation of New Jersey and minority interests in Niagara-Hudson Power, Commonwealth & Southern, and Consolidated Gas of New York. The wide spread of the territories served by this group is shown on the map above.

Gas Adds Customers But Sales Lag

THE gas industry, both manufactured and natural, felt the decline of industrial activity during the first quarter of 1930, a survey completed by the American Gas Association reveals.

Although sales of manufactured gas showed a percentage gain over the 1929 quarter, the increase (2.3%) was considerably less than is usual from year to year.

At the same time, the natural gas sales showed a decline of 4.4% from those for the initial months of last year. Both branches of the industry report increases in customers. Customers for manufactured gas now total 8,900,000; for natural gas, 3,500,000.

Eaton, Going Into Natural Gas, Takes on Another Big Competitor

ENTRANCE of Eaton interests into long-distance distribution of natural gas came this week when United Power & Light, controlled by Cyrus S. Eaton-Otis & Co., acquired working control of Lone Star Gas Corporation which is headed by the George W. Crawford interests of Pittsburgh. This move places United Power & Light in direct competition with United Gas Corporation, natural gas unit of Electric Bond & Share, which this week announced completion of its plan for acquiring securities of the United Gas Co., Louisiana Gas & Fuel, and the Palmer Corporation. United Gas Corporation now controls the largest natural gas combination in the world (*The Business Week*, March 26, 1930).

Serves 6 Million

With assets of more than $500 million, United Light & Power, the Eaton organization, supplies nearly 700 cities and towns, having an aggregate population of 6 millions, with gas, electric light and power, heat, artificial ice, cold storage, street railway and interurban service and gas and electric appliances. Territories are in New York, Illinois, Iowa, Indiana, Kansas, Michigan, Missouri, Nebraska, Ohio, Oklahoma, Tennessee, Texas, Wisconsin.

Lone Star Gas, which the Eaton company acquires, has assets of nearly $100 millions. It owns and operates the largest natural gas system in the Southwest, in addition to manufactured gas plants in Council Bluffs, Iowa, and shares in extensive holdings of natural gas acreage in the Panhandle field of Texas.

Big Names on Board

The new United Gas Corporation, with which the Eaton company will be in competition, will have Sidney Z. Mitchell as chairman of the board. Mr. Mitchell is chairman of Electric Bond & Share (*The Business Week*, June 4, 1930) and has been the directing force in formation of the American Gas & Electric Company, American Power & Light, Electric Power & Light, National Power & Light, and the American & Foreign Power Co., Inc. Other officers will be C. E. Groesbeck, O. R. Seagraves, Ralph B. Feagin, H. C. Abell, S. R. Inch, O. H. Simonds, N. C. McGowan, E. W. Hill, L. H. Parkhurst.

The Moody-Seagraves interests, together with those of G. E. Barrett & Company, also have acquired a substantial interest in the common stock and option warrants of the United Gas Corporation.

Wide World

ADVERTISING ABROAD

Mr. and Mrs. Arthur H. Kudner arrive on the Europa after several weeks in Europe. Mr. Kudner is president of Erwin, Wasey, international advertising agency, which handles the foreign advertising accounts of several American companies, among them, Goodyear, Frigidaire, and Ford

New Securities Issued Overtop Last Year's Total

But in 1930, It's Bonds, Not Stocks, Which Bring About Certain Changes Important to Business

DESPITE business depression, and crumbling dividends here and there, the American market is absorbing new securities at a more rapid rate this year than last. This year it is bonds instead of stocks, and this year American business is receiving less of the proceeds. But the flood of new issues continues—the flood which Fred I. Kent and the American Bankers Association committee say broke the market last fall.

New issues for the first five months of this year totaled $3,429,283,000. This compares with $3,269,922,000 during the same period of last year, according to New York *Times* compilations. The increase is 4.8%.

Details show vividly what is happening:

Total of bonds is 69% higher. Stock flotations have been 66% less. Industrial stocks issued were 59% less, with other classes dropping even more. But bonds: foreign issues are 125% ahead of a year ago. Public utility issues are 118% larger; railroads have taken 112% more. Industrial bond flotations have been 50% larger, and state and municipal offerings, high even in 1929, are up 43%. Only the miscellaneous classes show a decrease—38%.

Numerous conclusions appear. Failure of bond prices to make a huge recovery becomes understandable. The bond market has been and is unusually strong even to absorb this huge increase of offerings—granting that some percentage stays on dealers' shelves.

An Overdose of Stocks

The stock market had such an overdose of new stocks last year it couldn't stand any more; the signs were so plain that issue houses heeded them.

Of the total money realized from securities issues, 11% less has gone to American business this year. State and municipal borrowers and foreign borrowers alone more than account for this. Proceeds from such issues do not go to American business—not directly. But the omen is good.

Foreign loans have for some years supplied the red corpuscles in the flow of foreign trade. Their stoppage in 1929 helped considerably to slow up business. Business is poor in most of the world today, and short term money is subnormally easy. But capital funds, provided by these bond issues, roughly comparable to mortgage funds here, still are hard to obtain in most countries.

Aids Foreign Trade

There is wide agreement that foreign trade will be aided greatly by the resumption of foreign lending. That aid may be but temporary—meaning a few years—but for the present it should be effective. In the long run stimulation by foreign loans may not be a final solution. Some day annual repayments will grow larger than the total of our annual lending.

Growth of state and municipal loans is just sunshine for the construction industry. Effect already is visible.

The much larger business borrowings will encourage the same trend, but only moderately. Here bonds are simply replacing stocks, while in the other classes the increase is absolute. Also, many of the business bond issues are for needs of long standing. This is the first chance there has been to issue bonds.

The larger bond issues likewise displace some short term financing and bank borrowings to which business was forced temporarily to resort while the bond market was sick.

Dividend Cuts Felt

The open market is financing a larger percentage of business activity, the banks less than last year by the same token. This is partly accounted for by the lower rates the open market offers, and explains, too, why banks are forced to lend more and more upon securities. They must make loans.

As these important events develop in the bond market, stocks travel a much rougher road. The general business outlook prohibits large stock issues.

Dividend cuts further obstruct stocks, and show signs of continuing. In May, 1930, five times as many companies reduced their dividends as in May, 1929; twice as many dividends were passed completely. There were fewer than one-half as many initial dividends, one-third fewer increases, fewer than half as many back payments and 30% fewer extras.

Total dividend payments in the first five months of the year were 15% larger than in the first five months of 1929—

International News

WELCOME TO OUR CITY

Mayor John C. Porter of Los Angeles (right) greets Winfield Sheehan (left) and Harley Clarke (left center) at the international convention of Fox Films. Some 300 officials and delegates attended

The First Problem of Sound Investing

It is not "how *shall* I invest my surplus funds?" but "how *should* I?". Every investor must answer this primary question for himself. He alone has the knowledge which enables him to correctly appraise his personal financial situation and outlook. If he decides that investment securities provide the best answer to his problem, his next step is to call on an investment organization qualified to supply his particular needs.

The National City Company, with important investment contacts in all of the world markets, has the broadest possible opportunity for investigation, analysis and selection of securities. The distributing organization of the Company thus is able to submit to investors a wide range of securities singled out from the world's choicest offerings.

* * *

If you have surplus funds awaiting investment or wish to have your present holdings reviewed, you will find helpful assistance at any of our offices.

The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT SECURITIES

Offices in Principal Cities throughout the United States and Canada and in London, Amsterdam, Geneva, Tokio and Shanghai.

The services of five corporations are provided for projects of any type or magnitude. One or more of these corporations may be employed to meet specific needs.

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INCORPORATED

STONE & WEBSTER ENGINEERING CORPORATION
STONE & WEBSTER AND BLODGET, INCORPORATED
STONE & WEBSTER SERVICE CORPORATION
STONE & WEBSTER ASSOCIATES CORPORATION
STONE & WEBSTER INVESTING CORPORATION

but stocks outstanding are vastly larger —33⅓% estimated by the New York Stock Exchange listings. A large volume of stuff was put out last year which hasn't paid any dividends and probably won't for a long time.

The older companies mostly continue their dividend rate. Their general policy for years has been to pay out about 60% of earnings in dividends. A reserve thus created sustains the regular dividend rate in times of stress. Coppers, department stores, railroads, and tobaccos, however have felt it necessary to cut.

Other groups show larger payments, however—banks and insurance companies, chain stores, food, packing, mail order, motors, motor equipment, oils, public utilities, railroad equipment, steels. Some of these will be recognized as industries hard hit just now, but still able to do well by stockholders.

Total of dividend payments during the first five months of 1930 is $1,976,000,000—against $1,709,000,000 in the similar period of 1929, according to New York *Times* compilations.

Building Loan Men For Monthly Tax Bills

PROPERTY taxes ought to be paid monthly, like gas, light, and telephone bills. That is, if there must be real estate taxes, which are inequitable at best. Income tax to cover all governmental budgets would be better.

These are the recommendations of the U. S. Building and Loan League, just issued by its committee on public relations.

Imposition of a heavy tax burden just before Christmas and just before summer is a "real detriment to home ownership," the committee says. Anticipating the objection of higher collection costs, the committee notes that business could not and would not run under the uneconomical piling up of large unneeded funds at one season and large deficits at another. Finally, the monthly bill plan would promote greater tax consciousness, resulting in more efficient and more economical government.

Present taxation system is termed "hopelessly inefficient," being based on an agricultural era when ownership of property was a fair measure of ability to pay. A study in a middle Western state is cited, where value of intangibles equaled value of tangibles, yet property paid 90% of the taxes. Home owning has "become a financial hazard" due to special assessments, says the organization.

Television May Get a Job Sooner Than Expected

Scientists See Two Doors Out of the Laboratory; One Leads to the Stage, the Other to the Cockpit

TELEVISION, usually considered an interesting laboratory toy which might become useful in the remote future, has suddenly advanced to immediate practicability along two different roads. The General Electric experiments in televising a show for a Schenectady theater and the announcement by John Hays Hammond, Jr. of a television eye for aircraft, increase immensely the immediate practical possibilities for use of this most diverting technical development.

In Schenectady, orchestral numbers and vaudeville acts were televised by radio for a distance of over one mile; were reproduced in images 6 feet square which were readily visible to the entire audience. In commenting upon this demonstration, *Variety* forecasts that within 6 months Radio-Keith-Orpheum theaters in key cities will be featuring television; that it will have great influence upon news reels, particularly; that all theaters will probably have to include a short television act in their programs.

Great Strides Since Fall

Much work has been done toward increasing the size of projected images. The 6-foot images of the Schenectady demonstration are far ahead of the 14-inch showings of last fall, but G. E. engineers are reported to have virtually completed improvements which will permit the projection of televised action on screens of the same size now used for motion pictures.

This speeding up of television development may shelve for some time the wide-screen film—present movie ace-in-the-hole. Television equipment for a theater costs from $10,000 to $15,000. Its use would require no physical changes in the building such as would be necessary for utilizing wide films. Installation of television is said to be easier than the wiring for sound which most important theaters have just undertaken. Chief disadvantage of television will be necessity for high-grade technicians to operate and maintain equipment; this is offered as a reason why its use in theaters is likely to precede its home use, probably by years.

International News

JOHN HAYS HAMMOND, JR.

If television brings startling changes in the amusement field, the Hammond device offers equal promise to aviation. It will enable a pilot to see on a screen placed in front of him in the cockpit a television picture, 14 inches square, of the scene below him at the landing field, no matter how heavy the fog or thick the weather. On the same television screen, the position of the plane in relation to the scene below will be shown, as well as the direction and velocity of the wind.

A Practical Illustration

Inasmuch as failure to maintain regular schedules on airways is based chiefly on the impossibility of making safe landings in fogs or heavy weather, the development of this television map affords tremendous possibilities for improving air service. For example, when Admiral Byrd was flying over Le Bourget after his trans-Atlantic flight, a safe landing would have been easy if his plane had been equipped with one of these devices. On the television screen he would have seen a picture of the field below him, including the crowds waiting in the rain. Moving across the screen would have been a speck representing his plane. An arrow pointing from the speck would have indicated the direction in which he was flying; another arrow would have indicated the wind direction, and elsewhere on the screen two sets of numbers would have shown the wind velocity and the altitude of the plane.

22,000 Theaters Wired For Talkies by 1931

STIMULATED by the increasing drawing power of the talking picture, the motion picture industry experienced in 1929 the best year of its history, Dr. Franklin S. Irby, associate editor of *Electronics*, says. Nine thousand theaters in this country are now equipped for sound, and 5,500 more will be wired this year, he reported. Total installations in Europe will probably reach 5,000 by the end of 1930, bringing installations throughout the world to 22,000 or 40% of present theaters.

Record-breaking growth in number of wired theaters will be considerably slackened at the end of this year, Dr. Irby believes, though it is expected that installations will continue until all suitable theaters have been equipped. "Soon we may expect a sound-equipped theater or no theater at all."

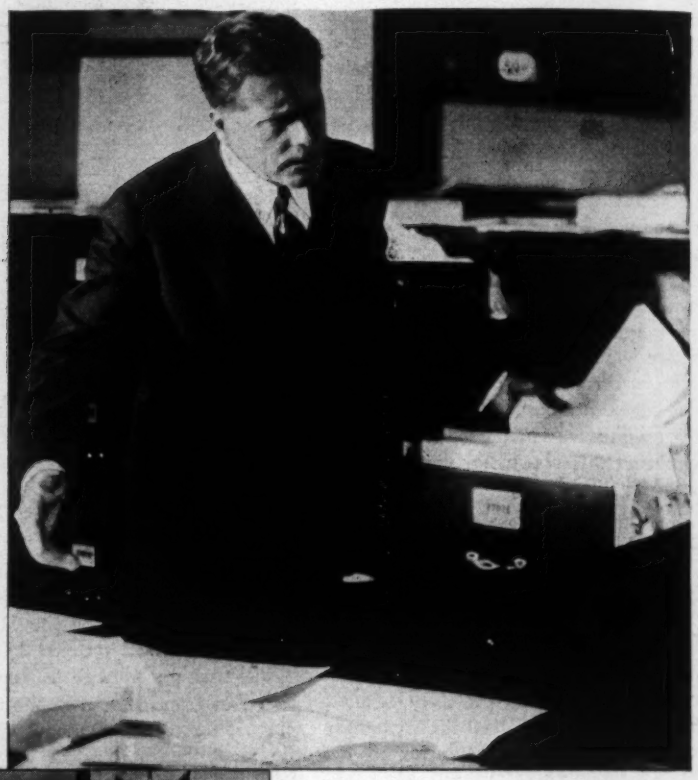
Other important facts brought out by Dr. Irby: Total average weekly attendance at picture theaters is now 115,000,000—expected to increase to 125,000,000 by end of year; average admission price, 35 cents; annual amount paid yearly in admissions, $1,560,000,000; total investment in the industry (United States), $2,500,000,000.

Radio Survey Shows How Public Listens In

A RADIO survey of Pittsburgh has been made for station KDKA.

Of the set-owners queried in the survey, 41% said that they were in the habit of turning on their favorite station and letting the programs run right along; 57% said they listen during the morning hours; 60% in the afternoon; 97% in the evening. Asked if they listen more on some days of the week than others, 144 said "yes" and 27% gave the preference to Sunday; 22% to Saturday. Wednesday got the fewest choices, with only 14% favoring that day. Finally, 64% admitted purchase of advertised products as a direct result of radio programs.

Three Businesses with identical filing systems



"Takes us a week to get a Sales Analysis"

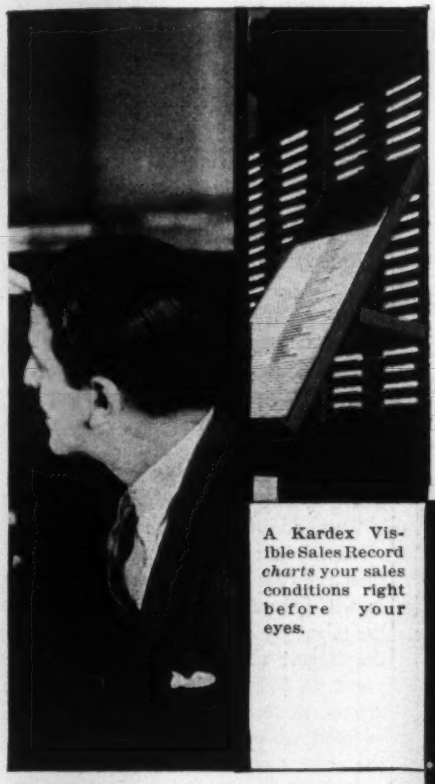
. . . complained the sales chief of a famous soap manufacturer. And no wonder . . . for the Rem-Rand men found correspondence and records of orders, shipments and billing, all cheek by jowl in a "Jack-of-all-trades" letter file. The sales data was extracted. Analyzed. And transferred to Kardex visible trays. "On the strength of what the visible record showed us" writes the sales manager, "we've reduced our territories, tightened up on our weak spots, and are headed for a substantial sales increase."

Section of a modern newspaper "morgue" designed and built by Remington Rand.

"Hide and Seek no game for a newspaper!"

. . . "When a story breaks," said the Editor, "we need the data in our 'morgue' . . . *in nothing flat!* But what a job it is! . ." The Rem-Rand man was shown some ordinary letter files overflowing with a jumbled mass of clippings, photos and mats. Some weeks later Rem-Rand turned over to the editor a complete and modern "morgue." Specially-designed drawers for photos . . . and mats . . . and clippings. And an Index Visible by which a reporter could instantly find where to look for any subject.

called in Remington Rand . .



A Kardex Visible Sales Record *charts* your sales conditions right before your eyes.

The "standard" files these three businesses were using were as alike as peas in a pod. But how different were their filing needs! Illustrating, of course, the difference between buying "stock" office equipment . . . and calling in a Remington Rand man . . . stating the problem . . . and leaving it to him and his staff of analysts to plan the right system . . . and put it to work.

Remington Rand can "tailor-make" your business records . . . it has 1,200 items of systems equipment to choose from.

Ask about the new Remington Rand Budget Buying plan. Remington Rand Business Service, Inc. Executive Offices, Buffalo, N. Y. Sales offices in all leading cities.

A Kardex Visible Binder gives a constant check on every detail of production routine.

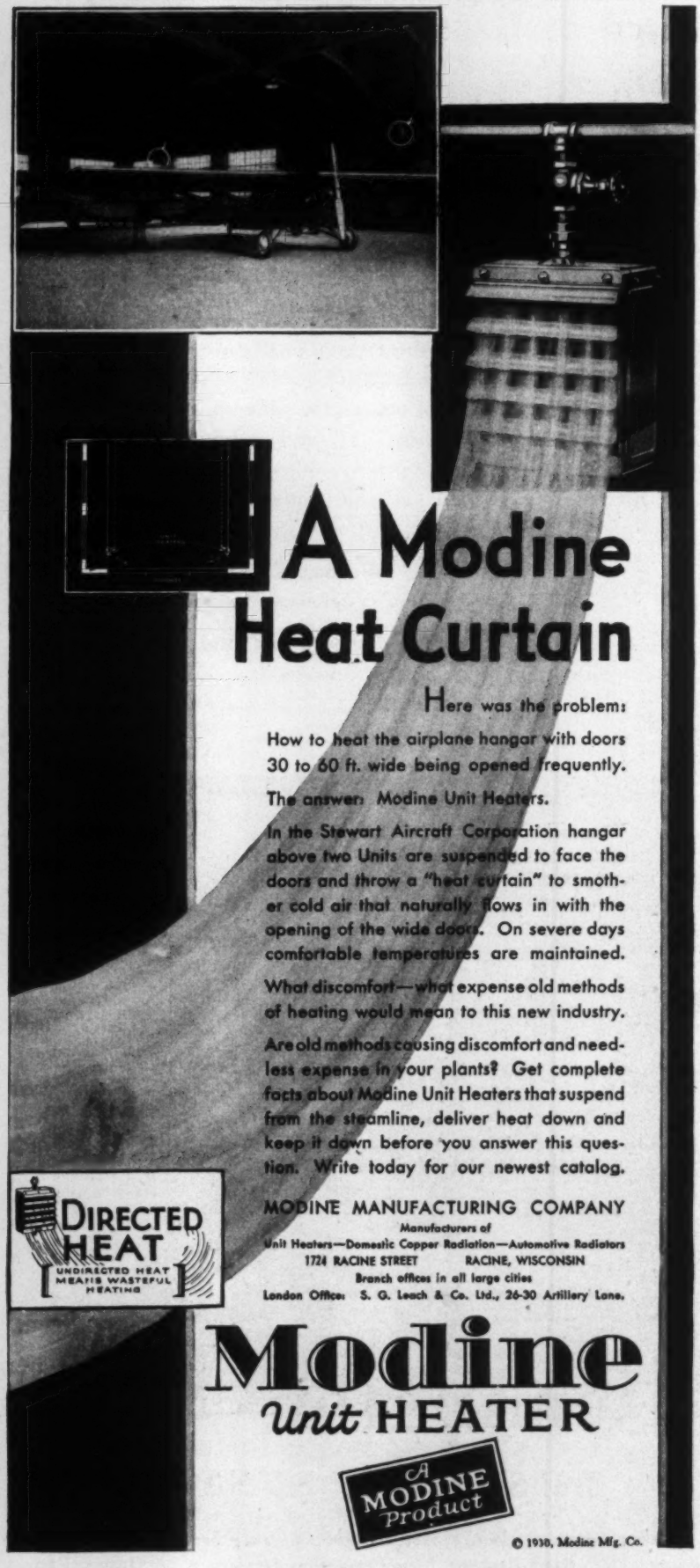
"Production slowing up . . . what's the matter?"

. . . The works manager of a big jewelry manufacturer asked Remington Rand to analyze his records. They were kept in "job tickets" in an ordinary letter file. "What you need," said the Rem-Rand man, "is a visible 'control board.'" So a crew of Rem-Rand indexers was called in . . . the "board" set up . . . the data transcribed . . . and the new system delivered, ready for use. A week's use of it located the trouble. Stocks should be accumulated on standard items. Then the specialties could go through the plant *with 20% more speed!*

Remington · Rand

BUSINESS SYSTEMS

RAND AND KARDEX *Visible Records* . . . LIBRARY BUREAU *Filing Systems and Indexing Service* . . . KALAMAZOO AND BAKER-VAWTER *Loose-Leaf Equipment* . . . . . SAFE CABINET *Fire Protection Devices* . . . . . INDEX VISIBLE


A Modine
Heat Curtain
Here was the problem:
How to heat the airplane hangar with doors 30 to 60 ft. wide being opened frequently.
The answer: Modine Unit Heaters.
In the Stewart Aircraft Corporation hangar above two Units are suspended to face the doors and throw a "heat curtain" to smother cold air that naturally flows in with the opening of the wide doors. On severe days comfortable temperatures are maintained.
What discomfort—what expense old methods of heating would mean to this new industry.
Are old methods causing discomfort and needless expense in your plants? Get complete facts about Modine Unit Heaters that suspend from the steamline, deliver heat down and keep it down before you answer this question. Write today for our newest catalog.
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Paint Plant Goes Automatic

MILWAUKEE has a strange attraction for concerns desiring to erect plants in which the last word in mechanization is to be expressed. The automatic automobile frame plant of the A. O. Smith Corp. started the ball rolling a few years ago. It was followed shortly by the same company's automatic pipe-welding plant; just as effective, if somewhat less spectacular. Then Allis-Chalmers recently completed its new tractor plant in which mechanization has been carried to a degree unusual even for automotive plants. Now Pittsburgh Plate Glass Co. is planning a new plant in which automatic machinery is expected virtually to eliminate human effort in paint-making processes.

Capacity Increased 500%

Paint raw materials will be shipped to the plant in cars, from which they will be moved to storage bins by pneumatic-conveying systems. Materials will be taken from storage bins, fed into machinery, and passed from one process to the next, all automatically, until the filled and sealed paint cans arrive at shipping floor.

This addition to the present Milwaukee plant will be built within the year at a cost of several million dollars. It will increase productive capacity of the plant by 500%, making it one of the largest single paint manufacturing plants in the world. Additions will be erected in sections in order to interfere as little as possible with operation of the present plant.

Part of the new shop facilities will be used to produce a new quick-drying paint used successfully by railroads for painting freight cars and soon to be placed on the market in suitable form for interior decoration of homes and offices.

7,000 Foremen Attend Milwaukee Safety School

DISTRIBUTION of 4,500 certificates marks the completion of the tenth annual foreman's safety school conducted by the Association of Commerce of Milwaukee. This school is undoubtedly the largest of its kind in existence; it numbers some 7,000 students who are foremen, inspectors, superintendents, works managers, plant engineers, maintenance men, and other responsible employees of nearly 400 local plants.

California Grape Surplus Gets A Big Hand From Uncle Sam

But the Benevolent Farm Board Can't Inquire Too Closely into What's Going to Become of It

SINCE the announcement by C. C. Teague in February of the Federal Farm Board plan for the rehabilitation of the California grape industry, the local and state committees handling the proposal have been bending their efforts to obtain the 85% sign-up of growers necessary to make the plan effective. Packers representing three-fourths of the raisin production of the state have signed a contract with the Farm Board's California Raisin Pool. Among them are Sun-Maid (allotted 50% of the raisins under the contract), Rosenberg Brothers, and the California Packing Corporation. These three are among the largest dried fruit packers in California.

No "Bootleg" Raisins

Each packer agrees to pay $1,000 annually to the pool during the life of the agreement; the amount to be credited to the first monies due the pool each year. Besides allotting 50% of the production to Sun-Maid, the packers agree: not to "bootleg" raisins of pool members; to forego a guarantee of a profit of $5 a ton, a provision used in similar contracts several years ago; to give growers the power to fix prices in the sweat-box, the pool to retain the authority to fix quantities and time of sale; and to prevent ruinous price-cutting.

The growers have been slower to sign up. Many of them have been waiting to see which way the cat would jump, the packers being the cat. Others were reluctant no doubt because of memories of cooperative proposals of former years that had left only red ink on the vineyard ledger. The new contract is a 10-year agreement with no withdrawal privileges for 3 years. It calls for a contribution of $1.50 a ton on each ton of fresh grapes sold for the industry stabilization fund.

The banks with lands in their possession by foreclosure following the ruinous year of 1928 were among the first to sign. Eleven, so far, have committed their lands to the plan. The model farm colony at Wasco, including vineyards owned by President Hoover, signed promptly, 100%. So did some of the larger landholders, like the Italian Vineyard Company with 5,000 acres of vines at Guasti in Southern California, and the Italian-Swiss colony in Sonoma county. Announcement that the packers' contract had been signed has overcome reluctance on the part of other growers and the prospects for the 85% sign-up, necessary to make the Farm Board plan effective, look more encouraging.

The new set-up gives the Grape Control Board the power to purchase grapes in the field for $15 a ton to prevent their being thrown on the markets. While such purchases would doubtless be a good thing for the industry as a whole, some growers have probably wondered whether it would be *their* grapes that would have to be disposed of at this low price.

A counter-proposal, to pull up 25% of the vines so that the surplus would automatically disappear, was rejected by the Farm Board on the ground that the extra acreage was needed to stabilize prices in years of crop shortage. The argument is that some surplus is necessary to keep prices from becoming too high; if the prices are too low, the surplus, producing the low prices, should be diverted to other channels, preferably to by-products.

The principal by-product of California grapes is grape juice, either as such, or concentrated 4 to 1. Formerly many carloads of juice grapes (wine grapes before Volstead) were sold fresh. They got too expensive for the home vintner. Many turned to substitutes available in smaller—but ample—quantities, to the detriment of the grape growers' business. Should those accustomed to grape beverages turn to malt beverages, for example—and there is some indication that they already are doing so—it would be still harder on the grape grower.

Government Is Satisfied

It was evident that, to retain sales, grape juice would have to be prepared for consumers in a stable, concentrated form, available in small amounts at any time. But before marketing such a product, it was necessary to convince the Department of Justice and prohibition officials that makers could control sales. As long as the concentrates were made by isolated firms, such con-

International News

NEWSPAPERS BY RADIO

Three hours after it was off the press in San Francisco, the front page of this newspaper was reproduced in full size at the General Electric laboratories in Schenectady. Watching it are E. F. W. Alexanderson (left) and Charles J. Young, son of Owen D. Young

trol was hardly possible. The 9 largest producers of grape by-products recently merged 80% of the production and this degree of control was considered sufficient. The combine became Fruit Industries, Inc. It has been loaned about $1,500,000 by the Farm Board for the extension of its plants to utilize the normal 300,000-ton surplus of grapes. Ultimately it is expected profits of Fruit Industries will retire the Farm Board loan and the preferred stock of the corporation, so that the by-products plants will be owned by the grower organization (*The Business Week*, April 2).

Not Too Subtle Irony

In view of the recent court decisions on the sales of corks, crown-caps, bottles, casks, demijohns, and other similar paraphernalia, and the glances of horror cast by the Prohibition Administration on sales of malt syrup, corn sugar, and the like, there is irony—and not too subtle irony, at that—in this spectacle.

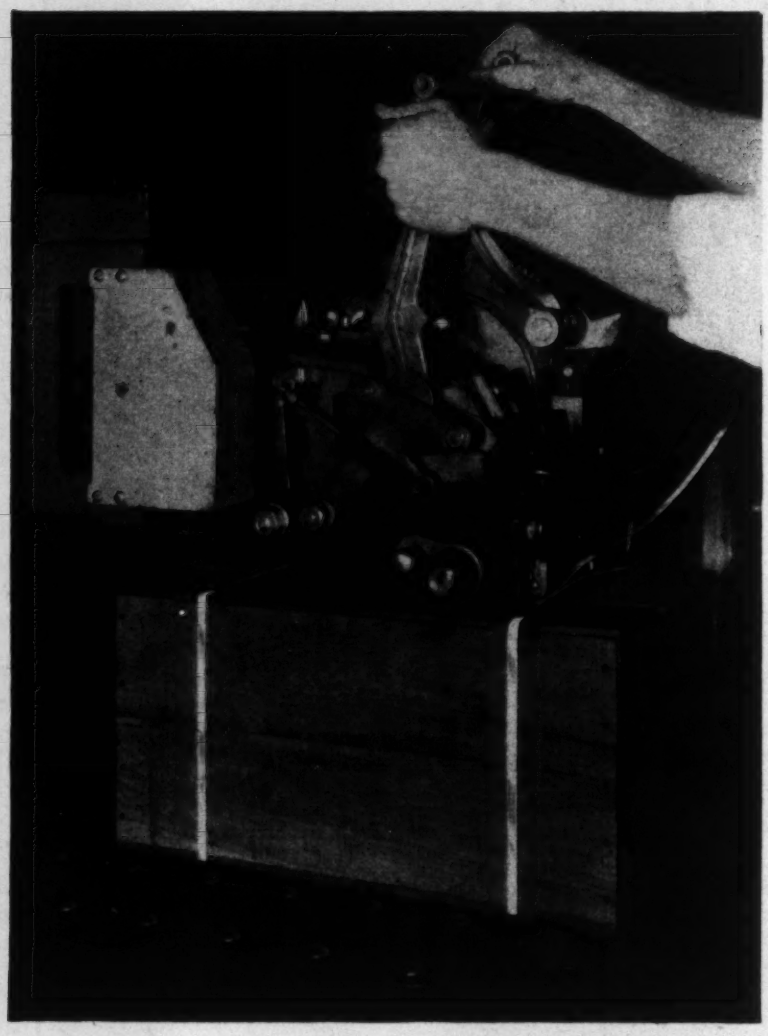
However, unless the surplus grapes are to rot on the vines, there is little likelihood of other methods of disposal being devised. Fresh California grape juice is insipid stuff. It is difficult to imagine anyone drinking it in quantities sufficient to make its sale profitable. The concentrated products—some of them truly beautiful in color and of delightful flavor—may find a limited use in the baking and confectionery trades or for table use. In this field there are numerous competitors.

There is no competitor in the field for which California wine grapes were originally intended.

Canadian Money Gets A Better Break Here

EFFORTS to reduce the discount at which Canadian currency is accepted at some points in this country are bearing fruit. The problem has been troublesome in smaller cities, particularly those remote from the border where, in at least a few cases, the discount has reached as high at 10% and even 20% instead of the 1% or less which is about right.

The Federal Reserve system took a hand by offering to pay shipping charges on Canadian money from the member bank to the Reserve bank, charging the member bank only the costs, if any, of getting the funds to an institution which will buy them. This will average less than 1%. Travelers will be the chief beneficiaries from the plan. On the Canadian side, United States money usually is accepted at par.



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1880 ACME STEEL COMPANY 1930
OUR GOLDEN ANNIVERSARY

Trade Holds Up Well on Coast Which Lays It All to Climate

PACIFIC COAST business has stood up remarkably well. Its statistics are the bright spots on almost every business indicator. Business has been "irregular" and "not so good as a year ago," but has maintained a more encouraging outlook than in almost any other region.

Analyzed, this seems due to two main reasons: (1) concentration on the growing and making of specialties that have no competition; (2) wide diversification.

Crops 12 Months a Year

The wide range of climatic conditions to be found from the Imperial Valley to the Canadian border, declares F. T. Letchfield, of the Wells Fargo Bank & Union Trust Co. of San Francisco, together with irrigation, provide not only marked diversity but also overlapping seasons which make it possible to ship agricultural products out of most of the region 12 months in the year. In addition, California in particular finds a world market for such specialties as citrus fruits, raisins, prunes, walnuts, Acala cotton, and other items which bring in over $250 millions annually. To this amount dairy and poultry products add $200 millions, fisheries $40 millions, and the forests $85 millions. Agricultural products yield 13% of the state's wealth.

From gold mines, California still receives an annual income of $10 millions, and from copper, silver, and lead the annual income is normally 2½ times this figure.

The greatest mineral wealth is in petroleum, annual production of which now is valued at more than $240 millions.

Center of the West Coast manufacturing area is Los Angeles. Only Akron surpasses it in rubber tire production. The annual manufacturing payroll for the state exceeds $1 billion, but is only 17% of the states's annual income. During April the value of water-borne commerce at Los Angeles harbor broke all records for exports, equalled April, 1929, in imports, exceeded total commerce of April, 1929, by $12 millions. Among industries, 9 leaders out of 10 showed a decrease in employment, but this was slight in all industries except iron and steel and mill work.

Movies Are Busy

Motion picture studios are operating at 80% of capacity, well above 1929; all major companies are working on production programs substantially greater than last year's.

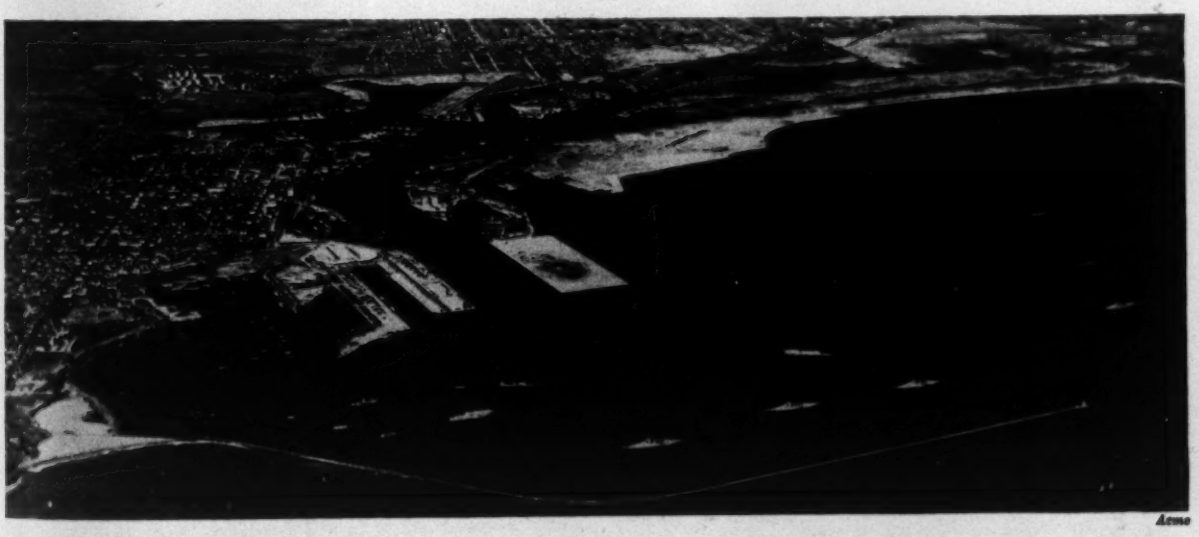
Oil exploitation has created boom conditions. In spite of curtailments in production, employment in the industry for the month ending May 15 was higher than a year ago. Wearing apparel and millinery improved during April, the latter showing the best month on record.

All the West Coast profits by the tourist trade, but Washington and Oregon profit most during the summer months when national parks and ocean travel are at their height. Boon to retailers in Southern California during the recent slack period was the influx of tourists who have spent during the winter more than a half of last year's total trade of $50 millions. For the entire Twelfth Federal Reserve District, department store sales for the first four months of the year were 1% below 1929, while the country as a whole showed a 4% decline.

Great Diversity

Unlike most sections of the country, the Pacific Coast does not depend chiefly on some one industry or product for prosperity. "This diversity in sources of income," writes J. L. Leonard, professor of finance at the University of Southern California, "means that although conditions may become spotty, any widespread depression is stubbornly resisted. In addition to agriculture, the oil industry, motion pictures, increasingly important manufactures in widely diversified lines, lumbering, fishing, and ocean commerce make up the most important sources of income.

"In their diversity and their independence of each other can be found the chief reasons why business along our Pacific seaboard is comparatively good."



Acme

LOS ANGELES MADE A HARBOR TO ORDER

Once a mere dent in the coastline, twenty miles from the city, Los Angeles harbor has become second only to New York in ocean tonnage, and exceeds that city in intercoastal tonnage. The long, white line in the foreground is the government breakwater. Much of its 40 miles of waterfront is made land, dredged from the harbor. Its nearness to the Panama Canal, the Orient trade routes, and the oil fields are responsible for its rapid growth

Western Fruit Growers Planning Reciprocity With South America

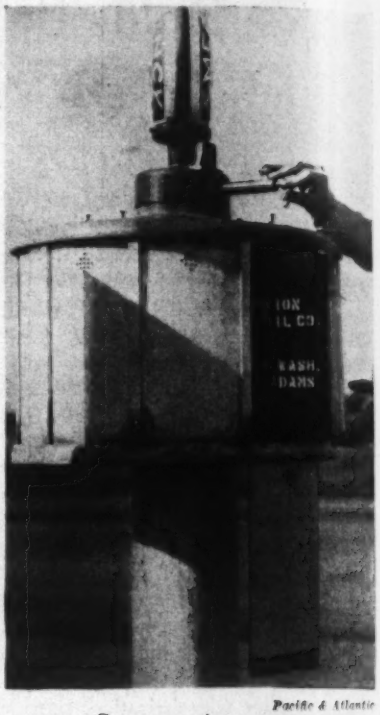
BUOYANT boosters for sunny California have "pulled a fast one" on the rest of the country. Sacramento will be host to the first unofficial Pan-American parley on reciprocal trade relations, late in August. Clever organizers planned the meeting for the week preceding the State Fair. Farmers and fruit growers from Argentina, Brazil, Chile, Costa Rica, Cuba, Guatemala, Salvador, Mexico, and Venezuela are going to look in. Canadians are coming down, and representatives from 11 Western states have decided to sit in and see what happens. Formalities are to be limited, politics barred, frank discussions encouraged. Everyone is after more trade.

Sacramento started the movement by sending two trade scouts to South America. They went in search of markets for California fruit, had instructions to "sell" California products for South America's winter season, and suggest United States markets for South American products when domestic orchards are bare. Farmers south of the equator wanted to cooperate on a big scale, invited themselves to Sacramento to confer *en masse*. Hospitable California welcomed the suggestion, planned the conference. It is a fresh move—and a commendable one—on the part of one branch of domestic agriculture to pull itself out of a difficult economic situation.

Search World for Markets

Western fruit growers are recognized for their aggressiveness. The California Fruit Growers Exchange has studied the world's citrus markets and has kept skilled investigators traveling about the world watching every opportunity to develop new customers for oranges and grapefruit. Exports of these two products to Europe last year totaled 981,369 boxes, 4 times the total for the previous year. Shipments of citrus fruits to the Far East increased 67% in 1929. At least two alert fruit growers are at present in foreign lands making contracts that will give them export markets for everything they can themselves produce.

South Americans are as interested. Argentina has sent experts to California and South Africa to study orange-growing methods, has opened stores in Europe to sell Argentine fruits direct to the consumer. Aggressive growers in the Mendoza district are supplying wine grapes for domestic consumption and in 1927 produced 41,000 tons of table grapes, of which only 85% were bought at home. Chile is entering the New York market with small shipments of apples, is spending a 5-year appropriation of about $1,200,000 for expanding its fruit business. Brazil's orange crop is a keen competitor in European markets.



Pacific & Atlantic

GASOLINE AUTOMAT

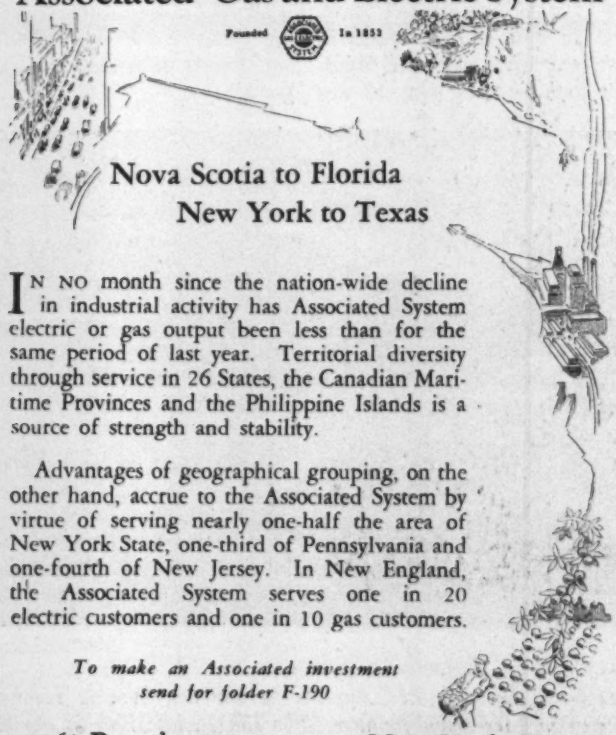
These emergency gas stations are appearing around Los Angeles at places which would not support a pump station or where the regular station is closed at night. Stranded motorists drop a half-dollar in the slot and get a gallon can of gas

Electrical Utilities Report Gains in Ten Years

GROSS revenues in the electric light and power field have increased 139% since 1920 while costs have increased 128%, according to an analysis of the industry's progress completed this week by *Electrical World*. Energy generated increased 130%; number of customers 150%.

Associated Gas and Electric System

Founded 1852



Nova Scotia to Florida
New York to Texas

IN NO month since the nation-wide decline in industrial activity has Associated System electric or gas output been less than for the same period of last year. Territorial diversity through service in 26 States, the Canadian Maritime Provinces and the Philippine Islands is a source of strength and stability.

Advantages of geographical grouping, on the other hand, accrue to the Associated System by virtue of serving nearly one-half the area of New York State, one-third of Pennsylvania and one-fourth of New Jersey. In New England, the Associated System serves one in 20 electric customers and one in 10 gas customers.

To make an Associated investment send for folder F-190

61 Broadway New York City

New Census Figures Attest Development of Southwest

NEW ORLEANS, Atlanta, Houston—these, so the new census reveals, are the three leaders of the South and Southwest. As to which will eventually entrench itself in first place, opinion differs. Some say it will be Houston, now first in Texas, only third 10 years ago.

Houston, with 290,811 population as against 138,276 in 1920, is almost half again as big as Atlanta was just 10 years ago. But the Georgia metropolis, increasing 75%—200,616 to 347,991—retains a comfortable second-place position. New Orleans figures are not out as this is written. Undoubtedly, it is still well ahead. Its growth has been steady. In 1920 it had 387,219, just double its 191,418 of 1870, a half-century before.

Oil Helped Growth

Throughout the South, and especially the Southwest, increases in the size of cities, startling to Northerners, are being revealed by the new census returns. To business, these figures signify shifting markets, shifting industry, new problems of distribution, of branch plant extensions. In the past decade the Southwest has advanced relatively more than any other major section of the country. Oil provided the big impetus. Center of cotton production moved there. Now natural gas is looming up as an added attraction.

Booms in Texas

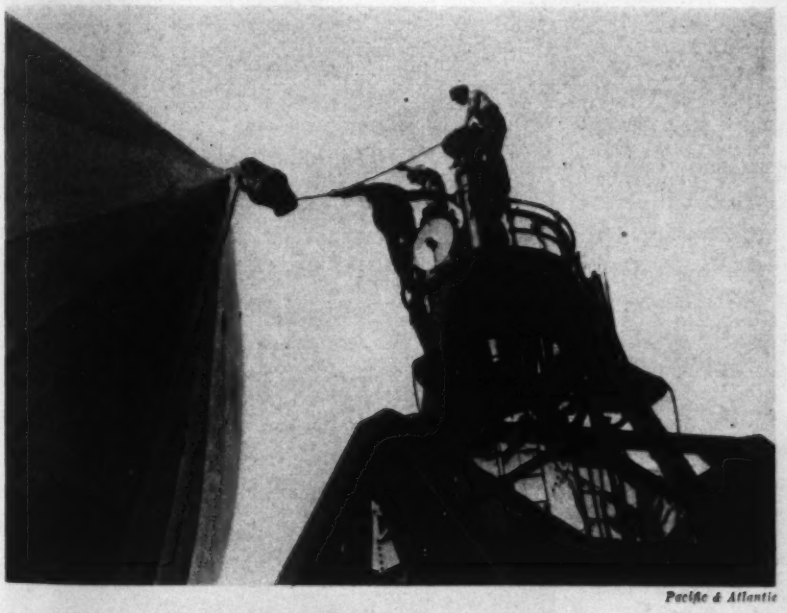
What is happening in Texas is typical of the whole area in which it is much the largest unit. In the Panhandle, a great gas boom is on. In the south, the boom derives from both gas and agriculture. Corpus Christi, southermost of Texas Gulf ports, surrounded by the largest single level area of black soil in the United States, so they say down there, is developing into a cotton-growing center rivalling the famous Mississippi Delta. Low-cost large-scale machine methods are used. Cotton mills, following in the wake of cotton production—Texas is now first in cotton-growing—report advantages from having Mexican labor available. Mexicans make speedy, skilful, mill operatives, better than native white labor, some say.

South of Corpus Christi is "the valley," the fertile lower Rio Grande where crops can be grown the year around. Citrus orchards and truck farms are taking the place of cactus and ebony. Already some 30,000 carloads of vegetables and fruits are being shipped out in a year. A grapefruit-raising area, threatening serious competition to Florida and California, is extending rapidly.

Between Corpus Christi and the valley a grape-growing region is developing. Texas can get the little white "Thompson seedless" grapes to market about 4 weeks ahead of California. Texas grapes are now on sale; California's will come along the latter part of June.

Shift in livestock raising in Texas typifies the modern trend of the whole West. Picturesque long-horn cattle have been replaced by stocky, beefy, white-faced Herefords. Dairying has already developed into a major industry, Jersey cattle preferred. Condensories, cheese factories, and creameries are following.

Texas possesses large quantities of iron ore. Deposits found in the central part of the state, northwest of Austin, are richer in iron content than those of Lake Superior. Great quantities of low-grade ore are scattered around the eastern section. The utilization of Texas ores, when it takes place, will mean great industrial development. Absence of coal of proper coking qualities has hindered to date. Efforts are now being made to find a way to utilize coal of the quality available west of San Antonio. It is conceivable that coal might be brought in by water from elsewhere.



Pacific & Atlantic

DOCKING AN AIR LINER

The Graf Zeppelin is moored to the new portable mast at Lakewood. This device, a huge tripod with caterpillar feet, is expected to have an effect on air commerce of the future. With it, landing winds make less difference, smaller ground crews are possible

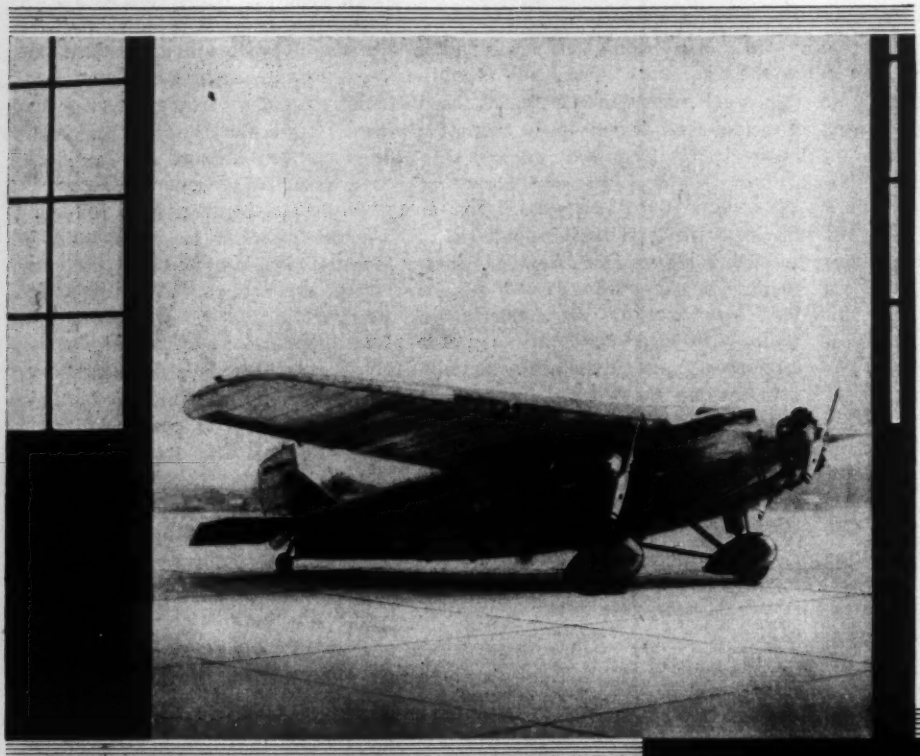
If They Won't Go Across They May Go "Nowhere"

WHILE transatlantic bookings languish, and Havana tourists dwindle, and Paris hotel proprietors agonize over the prospective dearth of tourists, the Cunard-Anchor Lines and National Tours have introduced a novelty which is at once popular with America's stock-market-pinched purses. Six-day "summer cruises to nowhere" are scheduled for July and August. The *California*, the *Caledonia*, and the *Transylvania* will sail from New York on July 26, August 11, and August 18 respectively.

A last-minute change in plan makes Halifax the "nowhere" of the cruise, rather than a jaunt out to sea and back. Officials admit it's an "added attraction."

To sweltering urbanites in the East, the "voyage to mid-ocean—cool, deep and blue—6¼ days of luxury and cool comfort of ocean breezes—the spirit of the Vikings in a modern setting" has made an appeal. To other shippers it is a challenge for fresh novelties, keener merchandising, new counter attractions for the usual landlubber or the "less rich."

. . . ALOFT IN LUXURY



Like an albatross of burnished silver . . .
the new Ford de luxe club plane

THE NEW Ford all-metal, tri-motored club plane meets delightfully all the demands of the most exacting yachtsman of the skies. Fundamentally it is designed as close to mechanical perfection as possible, with all the strength and extraordinary performance ability for which Ford planes are famous. This great new plane permits you to forget the mechanics of flight. It gives you the freedom, the exhilaration, the full joy of sailing at will across the skies in club comfort.

Beautiful as a jewel, it spreads its wings like burnished silver, to fly with the grace of an albatross over sea, over land, over deserts or arctic wastes. Here, truly, is a yacht to be proud of! Here, above all things, is the worthy vehicle of the modern man of spirit and imagination!

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

New de luxe club plane

Mechanical features are similar to those of the famous Ford 5-AT: Built of aluminum alloys, lighter than wood; powered with three Pratt & Whitney air-cooled motors, with total of 1275 horse-power; a capacity of nine passengers plus a pilot and mechanic. Cruising speed over 115 miles an hour, for hundreds of miles!

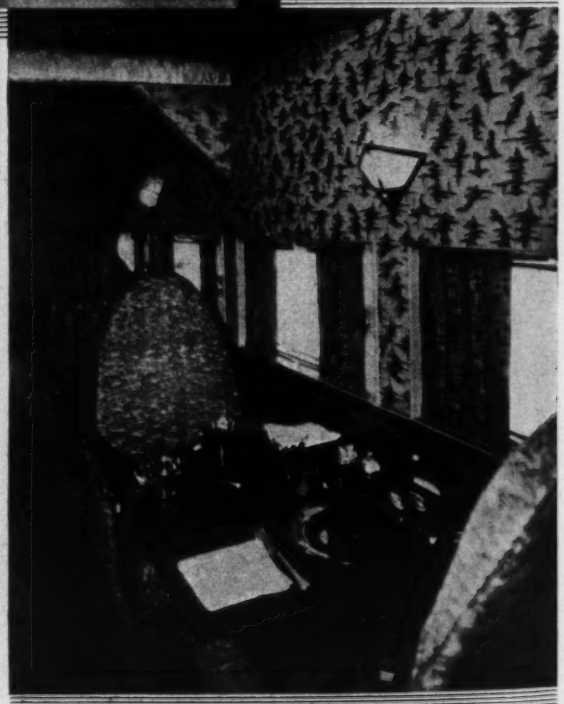
In addition, the de luxe club plane contains kitchenette, folding berths, radio cabinet, writing desk and book case. Seven overstuffed chairs and a two-place divan. Card tables and serving trays. Refrigerators and thermos cases. A lavatory with toilet, running water, towel racks, and closets for luggage, guns, fishing tackle or golf sticks.

Walls and ceiling are sound-proofed.

The entire interior is beautifully trimmed and decorated, in choice fabrics. Individual ventilation at each window. Dome and wall light and heat register in floor add to the comfort and luxuriousness of the plane. Tile walls in kitchenette and lavatory.

The pilot and mechanic in their forward control cabin have every mechanical device necessary for day or night flying in all seasons under all conditions.

Price on request.



The convenience of a luxurious yacht

The Channel Tunnel Goes On a Business Basis

New Program, Now Before Parliament, Calls For Private Financing and Operation

EVERY year 2½ million international commuters ferry between Britain and France at one of the popular crossing places—Dover-Calais, or Folkestone-Boulogne. They spend from one to two hours, usually fighting seasickness. Freight is transshipped at considerable cost and with not a little delay. The *Golden Arrow*, crack train between Paris and London, consumes 6½ hours in the 288-mile run, including the transfer to and from the ferry.

Drilled 40 Years Ago

Time-minded Britishers have long resented transfer delays en route to the Continent. Conquest-minded Napoleon contemplated means of bringing Paris and London closer together. Gladstone's determination started preliminary drillings on a sub-Channel tunnel 40 years ago. Parliament has recently listened to new arguments from a "Channel Committee" which favors continuation of the project. A bridge, a jetty, a tube on the bottom of the Channel—all are rejected. That airplanes can—and do—fly passengers from Croydon to Le Bourget in 2½ hours is considered no real argument against the value of a mass-carrying modern tunnel. Skeptical Londoners admit present discussions are animated, are studying the project afresh.

Most significant facts from the report of the investigating committee are these: Probable cost of boring a pilot tube for experimental purposes but which can become a drain to the tunnel proper—$18,000,000; estimated cost of two 20-foot tubes for railroads—$125,000,000 (the bridge scheme, which has numerous supporters, would cost $375,000,000);

Best location for the tunnel is probably from the general region of Dover to Calais. Length, with approaches, 31 miles;

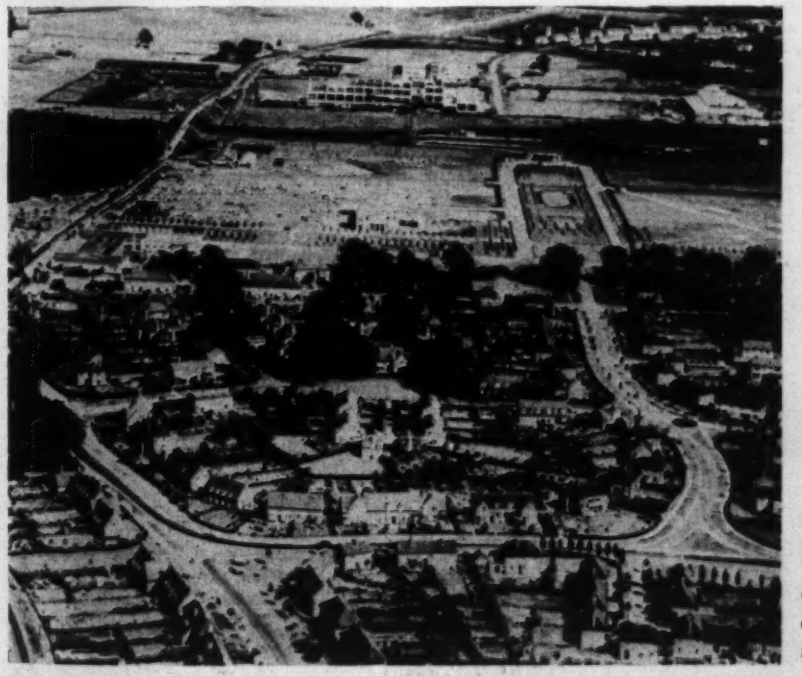
Estimated running time, via the tunnel, from London to Paris—5½ hours on through trains allowing 20 minutes for customs; actual time in the tunnel would be 45 minutes;

Employment would be provided to 250 men in direct labor and 750 men in indirect labor on the pilot tunnel for 3 years; to 6,000 for 8 years on the tunnel proper;

Financing would be arranged by the Channel Tunnel Company (British), and by a similar company in France; investors in other countries might be receptive to a public offering;

Operation should be in the hands of private, not government, interests.

Work on the tunnel cannot begin without special legislation—either as a Bill or as a license—from Parliament. Before that assent is given there will inevitably be much debate among British military and transportation authorities. It is improbable that Parliament can withhold assent to a scheme if private finance, with or without government guarantee, is ready to energize the promoters.



ENGLAND'S PLANNED INDUSTRIAL TOWN

Welwyn Garden City, 20 miles out of London, provides city facilities with low land rates for factories, and country living for the workers. Housing is deliberately varied to avoid the "mill town" atmosphere, yet rents are low. Shredded Wheat (large white building in distance) and Norton Grinding Wheel are among the American firms locating there

Britain's Chain Stores Become More "Visible"

A SUDDEN speeding of the growth of chain stores in Great Britain is reported by the United States Department of Commerce. Most of the successful British chains seem to have started in the provinces. But the first chain organization to develop successfully was started over 60 years ago in Glasgow by Sir Thomas Lipton.

British chain owners have been more afraid of public opinion than American owners. So many have kept the facts of their organization secret that it has become customary to classify chains in Britain as either "visible" or "hidden."

The largest number of chains is in the grocery field. Boots and shoes, men's furnishings, confectionery, drugs, tobacco, and rugs follow in the order named.

Zone Control Maintained By 856 Communities

OVER 39,000,000 people living in 856 cities, towns and villages of the country are now affected by zoning ordinances, according to a survey recently made by the Bureau of Standards. Every state except Washington has conferred zoning authority upon its municipalities; in Washington, first-class cities can enact zoning regulations under the home rule provisions of the state constitution.

Wide Reading

PERTINENT FACTS ABOUT VACATIONS. *Factory and Industrial Management*, June. Vacations with pay are given to executives and office workers in 94% of the country's plants, to foremen and supervisors in 85%, to production workers on a day-wage basis in 24%, and to piece and incentive workers in 7%. Facts for the executive to consider as summer approaches.

ALLIED CHEMICAL & DYE. *Fortune*. June. The mysterious giant corporation dismembered.

TELEVISION IS READY FOR BUSINESS. Art Brown. *Nation's Business*, June. What is business going to do with the new 2-way television telephone?

EXPORT ADVERTISING A STRONG AID TO AMERICAN TRADE. *Commerce Reports*, May 26. Aproximately $50 millions a year are spent to advertise our exports—only $1 to produce $100 of sales, which compares with $4 per $100 at home. Experiences of various exporters.

HAVE THE CHAINS REACHED THEIR PEAK? H. M. Foster. *Printers' Ink Monthly*, June. Has the chain store lemon been squeezed by exploiters and the rind left to the gullible?

RUSSIA GOES TO THE MOVIES. Zelda F. Popkin. *Outlook*, May 28. Russia is now honeycombed with theatres and clubs where movies are shown. Soviets are educating through the movies. One producer has already gained fame, is bound for Hollywood.

BUDGETING EXPORT ADVERTISING. C. P. Huntington. *Advertising & Selling*, May 28. Budget breakdown by an experienced export advertiser.

SOMETHING OF SALES STRATEGY FOR CANADA'S FARM MARKETS. A. Jarvis. *Export Advertiser*, May. There are 3,000,000 farmers in Canada with average incomes in excess of $2000—and they buy advertised products.

THE DUMP-CART ERA PASSES. Franklin S. Clark. *Review of Reviews*, June. Advertising abroad is bringing new markets to the ingenious. Foreign advertising programs need peculiar understanding and shrewd adaptation.

PRISONERS OF TIME. Maristan Chapman. *Century*, Spring. Fear is the root of our present speed fever. Only when we supplant it with the courage of personal tastes shall we again enjoy living.

CHARTING THE FASHIONS. Katherine Casey and Claire Sullivan. *Atlantic*, June. Fashion made easy. Steps in the progress of a fad.

CHEAP POWER IN ONTARIO. Harry W. Laidler. *New Republic*, May 21. Proves Governor Roosevelt's statement that electricity rates in New York under private ownership are higher than in Ontario under public ownership.

THE SUPREME COURT AND THE PUBLIC. Felix Frankfurter. *Forum*, June. Business is interested in liberalizing the Supreme Court. Sharply defined new trends since 1920.

THE BANKS GO CHAIN-STORE. Virgil Willit. *American Mercury*, June. Growth of chain banking is inevitable.

THE MEN IN THE RAILROAD MERGERS. L. B. N. Gnaedinger. *World's Work*, June. Traits that characterize the tactics of Atterbury, Crowley, Willard, the Van Sweringens, Loree, and Williams.

WHY I AM HELPING RUSSIAN INDUSTRY. Henry Ford. *Nation's Business*, June. Mr. Ford does not hesitate to deal with the Soviet. Russia is beginning to build. It makes little difference what theory is back of the work.

REPORTS—SURVEYS

WHAT PLACE HAS THE ADVERTISING AGENCY IN MARKET RESEARCH? William J. Reilly. University of Texas, Research Monograph No. 3. Based on interviews with 20 national advertisers. Considers media, advertising schedules, the advertiser's consuming public; not transportation, sales, or any advertising subjects in which the agency has a financial interest.

ORGANIZATION OF INTERIOR DECORATING SERVICE IN DEPARTMENT STORES. National Retail Dry Goods Association, Bureau of Research and Information. Used to coordinate sales of house-furnishings in various departments and as prestige builder for the store.

THE EFFECT OF BUYING POLICIES OF RETAIL DRUGGISTS ON THE COST OF WHOLESALE AND RETAIL DISTRIBUTION OF DRUG MERCHANDISE. National Wholesale Druggists' Association, 10 pp. Study of large and small purchases, turnover, and other influences on cost of distribution among retail druggists.

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Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

There are no indications of any improvement in the business depression and none is immediately expected. General activity is slack; prices are still weak; competition sharp; profit margins narrow. Looseness of money has increased but investors are not yet confident and capital markets are narrow with interest rates still out of line with money rates. It is the consensus of opinion that it will be a matter of time before conditions consolidate, with little recovery, if any, before next year unless some unforeseen outside stimulus enters.

It is expected that contracts covering the Young bond issue will be signed on June 7 and subscriptions opened in 9 countries simultaneously on June 10. Underwriting bankers will buy the loan at a uniform price of 92, less 4 points commission. Issue prices will vary from country to country according to respective issue taxes. In France, where the bonds have been tax exempted, a surcharge of 6 points will be added, the proceeds of which are to accrue to the public debt sinking fund. Effective issue prices will vary, probably being lowest in the United States at 92, and highest in France at 98.

By Special Cable to The Business Week

Great Britain—Restraint and uncertainty are the keynotes of present business conditions. Immediate uncertainty centers in the final terms of the Young bond issue and in Snowden's conversion loan plans. These, and the possibility of a further reduction in the bank rate, are factors which will determine the future of money and security markets.

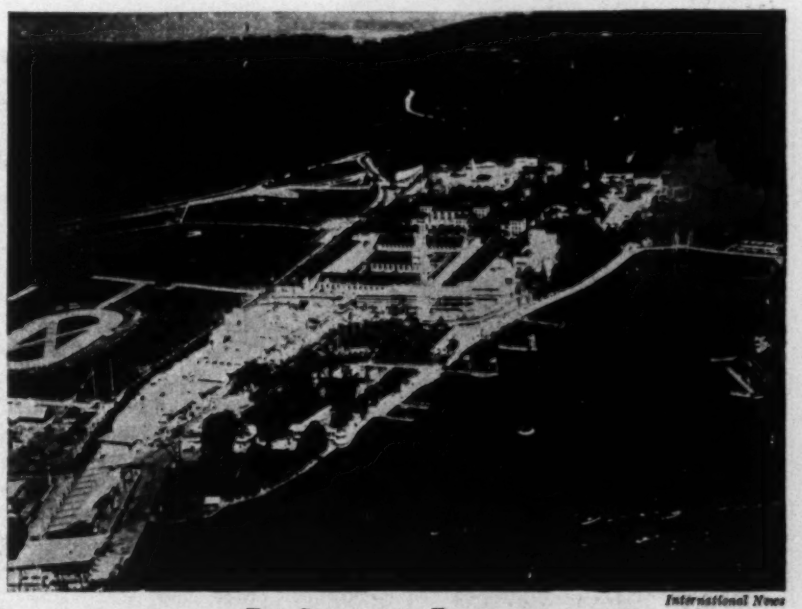
With unemployment increasing, and expected to exceed 2 millions before the end of the year, weight is attaching to governmental plans to relieve unemployment. No definite projects have yet come from the Labor Government. Pessimists are inclined to anticipate further increases in taxation despite Snowden's assurances to the contrary. Indecision is also caused by the uncertainty of the course the growing tariff movement will take. Future imports are likely to be profoundly affected by the inevitable reconstruction of Britain's economic foundations and the cleaving between traditional political divisions.

Apart from restrictions imposed by world depression, England is manifestly entering an epochal transition period both in its internal structure and external relations to the empire. Industry is reluctant to enter upon long time programs; investors are similarly hesitant; and the current outflow of capital abroad, notably to the United States, is not merely a flight from taxation but a betrayal of the basic uncertainty and uneasiness in business planning. In the final analysis, England must sooner or later export that part of its manufacturing population which has been rendered superfluous by the growing manufacturing autonomy of the colonies. Industry must be freed of the deadweight cost of supporting the present unemployed, now the major handicap retarding recovery of British competitive ability. No government so far has had the courage to undertake so radical a change in the economic structure, though many governments have recognized the ultimate necessity.

The Economist's monthly summary of industry and trade reports that motorcycle production is at high levels of activity, that there are no further material declines in other trades though exports of electrical equipment, motor cars, and retail volume and crop conditions are less satisfactory. A greater or less degree of stagnation persists in the coal, iron and steel, engineering, cotton, chemical, and shipping industries. There is slight improvement in rayon, boot, shoe, domestic electrical equipment and automobile sales.

By Special Cable to The Business Week

France—Statements from key industries such as iron and steel, chemicals, and automobiles tend to substantiate recent persistent reports of a slackening of activity, though current activity may show little change until orders still in hand are executed. New business coming in, however, shows distinct contraction. Government reports also indicate a diminishing in the volume of domestic commerce and an increasing number of bankruptcies, though foreign trade, except in luxuries and textiles, is normal. It will not be surprising if France, resistant to world depression largely because of the domestic character of the business boom of the last two years, is now reaching a declining period in its own business cycle. Recession is not expected to the degree experienced in other countries, particularly in terms of unemployment and cost doles, since a chronic shortage of domestic labor enables France to maintain employment by repatriation of foreign labor now present in large numbers. Also, Parliament, which re-



International News

THE STOCKHOLM EXPOSITION

Sweden's first national exposition of applied art features ceramics, pewter, bookbinding, household decoration and equipment, transportation development. Last year, there were 66,000 foreign visitors to the city; this year, over 100,000 are expected because of the 26 tours which include Stockholm

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convened on June 3 for a 40-day session, is expected to legislate the so-called "national equipment" program which calls for expenditures of at least $200 millions.

By Special Cable to The Business Week

Germany—The recurrent unfavorable balance of government finances and the evidence that existing taxation is already at levels of diminishing returns are the most immediate factors in the profoundly unfavorable general economic situation. For the third time within one year the country has been obliged to cover deficits occasioned chiefly by record unemployment. The budget now before the Reichstag is believed to be $200 millions short. Total unemployment stands at 2,700,000, of which state subsidized unemployed number 1,950,000, compared with 1,500,000 a year ago. Recourse to a further increase in indirect taxation would probably result only in decreased consumption with no increase in yields. Recourse to direct taxation would accelerate the flight of German capital from the country. Already $2 billions are estimated to have gone abroad, notably to Holland and Switzerland, notwithstanding higher home interest rates. Capital stringency in turn is accentuating business depression and handicapping revival. Under these conditions the only alternative is all round reduction of government expenditures, a move anticipated in proposals likely to come from Moldenhauer next week.

The report of the German Institute of Business Research states that to the end of May there were no signs of revival, but rather that the lowest point in the business depression had not yet been reached with several months of stagnation subsequently in prospect. Easing of the capital market is anticipated in the near future which, with a readjustment of domestic prices to reduced world levels, will aid recovery.

Event of the week is the award by government arbitrators of a 10% reduction in wages in the northwestern steel industry, subject to the condition that manufacturers undertake to make corresponding reductions in steel prices one month previous to the wage cut. This is expected to prove a precedent for coordinated readjustment of cartel-controlled prices and state-regulated wages which will be more nearly in keeping with the lower levels of uncontrolled commodity values. Illustrating the need for such readjustment is the decline in the price index of uncontrolled prices on raw materials and semi-manufactures from 90 in January to 85 in April, whereas cartellated prices remained pegged at 105. The steel award is likely to be followed by coal and other cartellized industries.

The conference of German and American sound film interests, scheduled to take place in Switzerland in the last part of June, it is hoped will settle patent disputes and reopen the German market, now monopolized by Warner, to all American producers.

By Special Cable to The Business Week

Holland—Business remains stagnant and a revival is hardly to be expected before the end of summer. There are increasing doubts in regard to the success of the Young loan because of skepticism over the legal status of the bonds and the means of redress for neutral holders in case of German default. New issues on the money market in May totaled only $14 millions, approximately 56% of the first quarter's monthly average. The stock exchange is apathetic in spite of easy money. April trade returns show a general contraction. Building, however, remains brisk, causing increased imports of materials. Rayon exports are shifting from Germany to the United States as a result of the arrangement between German and Dutch producers leaving the overseas markets to the latter. AKU, leading producer, composed of Dutch Euka and German Glanzstoff, passed its regular dividend owing to the necessity for writing off $15 millions. The financial position of the combine, however, is undoubtedly stronger since the recent $7-million capital increase through Helbertwagg, London, which is interpreted within the industry as a rapprochement between AKU and Courtaulds.

By Special Cable to The Business Week

Italy—The business tone has slightly improved but, notwithstanding the reduction of the bank rate, money is tightening and collections are slow. This is partly the result of the Bank of Italy policy of increasing its gold reserve and restricting currency circulation. The gold ratio now is 5.8% and circulation is roughly $20 per capita. Government revenue surpluses in April reduced the current deficit to $12 millions. It is expected that this deficit will be juggled out of existence before the fiscal year-end on June 30. The Ford Company of Italy has changed its name to Ford Italiana S. A. Previous nominal capitalization has been raised to $2,500,000. Undistributed profits which have accumulated since the founda-

tion of the company in 1923 and which totaled $2,900,000, have been released in a 110% dividend.

LATIN AMERICA

Slackness continues and generally spotty conditions prevail. Chile has approved the project for a Chilean Association of Nitrate Producers for the centralization of sales in Europe, and anticipates being able to market surpluses under the new plan. The country is again in the money market. Credit Suisse is arranging a loan of $12 millions, the offering to be made in European money markets.

American & Foreign Power, controlled by Electric Bond & Share Co., has arranged for power interconnections with the potent Canadian-European owned Brazilian Traction, Light & Power Co.

Uruguay is bright spot in the week's reports. Foreign trade for the first quarter reached a total of $58,650,000, of which exports were valued at $37,490,000, largest in any recent year and $6 millions above first quarter exports in 1929. Imports totaled only $21,160,000, a drop of $1 million from last year. Population for the country on January 1 was 1,850,129.

Banking news comes from three countries. Colombia is considering the employment of Professor Edwin W. Kemmerer to readjust the financial situation. Dr. Kemmerer, not yet returned from China where he most recently acted as "money doctor," has already aided in Colombian financial organization. Paraguay, small and not yet commercially important, is planning the establishment of a central bank of issue and reorganization of the monetary system. The Peruvian government has approved plans for establishment of a mining bank under the name of Credito Nacional Minero, with a capital of $4 millions.

Argentina—Foreign trade figures for the first quarter have cast gloom over the business outlook. Exports for the first four months dropped 32.7% below the totals for the first quarter in 1929, totaled only $248,422,347, compared with $369,304,449 in1929. Tonnage also declined—37%.

Wheat exports for these four months were 1,506,000 tons less than for the same period last year, and flaxseed shipments were down 278,000 tons. Wool shipments dropped more than 17,000 tons. Price values are also down. Computed by the Minister of Finance, wool prices show a decline of 40%, sheepskins 36%, and hides 16%.

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HERE is a strip steel that offers virtually every industry an opportunity far beyond that of any ordinary steel.

• It is Thomastrip, a cold or hot rolled strip steel, zinc coated by a special process that makes it highly rust resistant and therefore infinitely desirable to manufacturers of all products which are at any time exposed to moisture.

• Comes in strips cut to length or coils and in same tempers as regular cold or hot rolled strip. Minimum camber. Width one-half inch to eighteen inches, thickness .008 to .083. Wider widths and heavier thicknesses on application.

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Thomastrip comes to you either in strips or coils and can be formed or stamped into any shape you require.

Positively will not peel, crack or flake. Definitely a money-saving proposition in production costs and makes a better product.

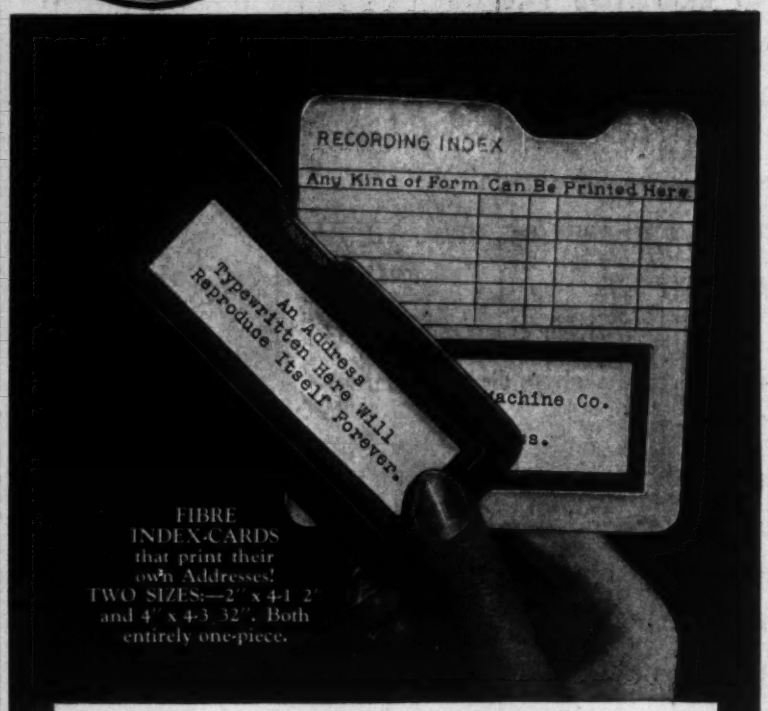
Send for a sample of Thomastrip for experimental purposes. See for yourself what it can do for you. State size and thickness you require for your product.

THE THOMAS STEEL COMPANY
WARREN, OHIO

Thomastrip
Electro Zinc Coated Strip Steel

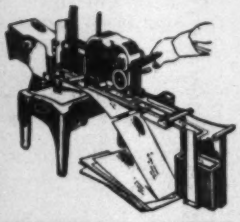
NOW priced as low as $25 F.O.B. Factory

ADDRESSING "ELLIOTT" MACHINES



FIBRE INDEX-CARDS that print their own Addresses! TWO SIZES:—2" x 4-1/2" and 4" x 4-3/32". Both entirely one-piece.

You already own half of an ELLIOTT ADDRESSING SYSTEM —if you own a Typewriter!



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Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

Iodine Faces First Battle

IODINE producers, for more than 60 years absolute autocrats in their field, are seeing red—mercurochrome red. Outside competition is not new, but heretofore it has been less aggressive, has made smaller inroads on iodine markets. When mercurochrome manufacturers stamped their labels "A new antiseptic replacing iodine," there was a real flareup. Suit was threatened until the statement was taken from the labels on mercurochrome entering Chile.

Chile's Monopoly

Present difficulties are beneath the surface. Chile has an absolute monopoly on world production of iodine. Producers there have maintained a policy of limiting production to maintain a high price. In recovering the medicant from nitrate, wastage at the factory amounts to 97%. The only product manufactured is about 99.8% pure. According to authorities, the price of iodine could at least be halved if waste was eliminated and a slightly less pure but equally effective antiseptic produced. Producers, however, have refused to consider this expedient, are appropriating large sums for "educating the public," and for research. The trade remains practically stationary, with an appalling wastage at the source. Mercurochrome, infant prodigy with a popular appeal to children because it "doesn't sting and makes a red spot," is becoming increasingly popular. Exports are growing. Other antiseptics—phenoisolin, Zonite, Chlorosol—have smaller but enthusiastic followings.

Other Potential Uses

Research investigators at the Mellon Institute are becoming enthusiastic over the possible uses of iodine in agriculture as a regular stock food supplement and as an addition to nitrogenous fertilizers. If iodine and the iodides could be purchased at a reasonable price it is more than probable that uses would develop in several industro-chemical fields, that new outlets would more than make up for inroads by newer antiseptics. Further, the marketing of iodine at a reasonable price would greatly aid Chilean development and increase the profits from the nitrate-mining industry. But producers are maintaining their monopoly policy, and the outcome is uncertain.

What the Figures Show

THE business situation at the beginning of June showed practically no signs of early or rapid recovery. So far in the second quarter conditions have been almost static. May, on the whole, was less active than April. The basic industries continue in the period of seasonal slackness. General trade, except in seasonal retail lines, shows little improvement. The decline in commodity prices continues.

Business Recovery Slow

The persistent weakness in the process of business recovery is shown in a further decline in *The Business Week's* index of general business activity. The preliminary index for the week ended May 31 is 92.7% of normal as compared with the final revised figure of 94.5% for the preceding week. In the corresponding week last year the index was 110.3% of normal. In June, 1929, there was an unusually high level of activity as business entered upon it extraordinary and disastrous midsummer boom. Still, the current level of business is substantially below that for the corresponding period of 1928 as well.

Steel activity this week showed a somewhat sharper drop in the course of its seasonal slackening than has been the case during the past month. Ingot production of the Steel Corporation declined from nearly 80% to 75% of capacity. Independents showed a smaller reduction, from about 69% to 67%. At the beginning of June last year the Corporation was running in excess of its theoretical capacity, with independents at about 92%.

Steel Operations

The decline in steel operations during May has been at about the same rate as in 1928, but it now looks as though the hope of fairly well sustained activity during the summer has faded. The main sources of strength in steel demand are from extremely active pipe line construction, shipbuilding, and highway construction, none of which offers permanent prospects. Automotive demand has passed its peak, although automobile production is at fairly normal levels, so far as can be judged by fragmentary weekly figures. Railroad demand is steadily declining under the pressure of sharply curtailed earnings and traffic. Structural steel orders have fallen off for several weeks and are relatively light.

Our index of steel production, adjusted for seasonal fluctuations and year-to-year growth, has fallen slightly below normal for the first time in some weeks.

The most favorable feature of the situation in steel is a rise in the price of heavy melting steel scrap for the first time since February, with a slight tendency toward strengthening in finished steel prices.

General building activity shows little definite improvement. The four-weeks' moving daily average of general contract awards, according to Dodge figures, has declined for the second consecutive week and is at about the same level as at the end of March. There has been little change in the past two months, and as compared with last year building operations are nearly 24% lower. Heavy consruction awards, according to *Engineering News-Record* figures, rose for the week ended June 5 and were not far below the corresponding week of last year. May contracts of this class were higher than in April but nearly 12% below last May. The year to date shows a deficit of about 18% as compared with 1929.

Our index of building activity, taking account of seasonal factors and year-to-year growth, declined 2.7 points for the week and is now nearly 20% below normal.

Electric power production continues to run practically at last year's level, the

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*92.7	‡94.5	110.3
Production			
Steel Mill Operation (% capacity)	71	74	95
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$17,498	$18,233	$22,982
Bituminous Coal (daily average, 1,000 tons)	*1,385	‡1,362	1,548
Petroleum (daily average, 1,000 bbls.)	2,609	2,580	2,712
Total Electric Power (millions K.W.H.)	*1,735	*1,850	1,725
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	155	155	177
Check Payments (outside N.Y. City, millions)	$5,154	$5,541	$5,790
Money in Circulation (daily average, millions)	$4,507	$4,475	$4,703
Wheat Receipts (1,000 bushels)	4,715	3,058	4,163
Cotton Receipts (1,000 bales)	106	127	107
Cattle Receipts (1,000 head)	*132	‡147	124
Hog Receipts (1,000 head)	*463	‡488	481
Wool Receipts (1,000 lbs.)	7,279	5,689	5,834
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$1.02	$1.00	$ .94
Cotton (middling, New York, lb.)	$ .162	$ .164	$ .187
Iron and Steel (composite, ton)	$33.64	$33.56	$37.07
Copper (electrolytic, lb.)	$ .128	$ .128	$ .178
All Commodities (Fisher's Index, 1926–100)	87.8	88.4	95.6
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,837	‡$16,805	$16,202
Commercial Loans, Federal Reserve member banks (millions)	$8,416	$8,484	$9,090
Brokers' Loans, New York Federal Reserve member banks (millions)	$4,101	$4,022	$5,284
Federal Reserve System Ratio	82.2	82.9	74.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	9,114	12,997	16,098
Stock Prices (N. Y. Times, average 50 stocks)	$227.36	$224.98	$234.81
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$30,333	$46,273	$43,206
Bond Prices (Dow, Jones, average 40 bonds)	$95.27	$95.19	$93.42
Interest Rates—Call Loans (daily average)	3.0%	3.0%	6.0%
Interest Rates—Time Loans (daily average)	3½%	3½-3½%	8½-9%
Business Failures (Dun, number)	416	480	374

*Preliminary ‡Revised

figures for the last week being only 0.6% above 1929. Our index of power production, however, taking account of seasonal fluctuations and normal growth, rose slightly for the week and is 3% above normal.

Bituminous coal production increased for the week and is following closely the usual seasonal trend. The latest week is practically at the 1928 level. Our index rose slightly for the week but remains about 23% below normal for the season and the year.

Commodity Prices

Commodity prices showed further weakness, some basic products falling to new low levels during the past week. A further sharp drop in the price of silver probably implies further decline in commodity price levels. The wheat average was somewhat stronger, and considerably above last year's level, under reports of crop deterioration abroad; but export demand has not improved, and the prospect of definitely higher price levels is uncertain. The cotton average was somewhat weaker with reports of curtailed consumption in the Far East due to political disturbances and falling silver prices. The iron and steel composite rose for the first time in several months. The copper price remains unchanged, with domestic demand still slack. The Fisher all-commodity index, as well as the National Fertilizer Association index, showed further declines for the week. Although the rate of decline in commodity prices during the past month appears to have been somewhat less than in preceding months, it is unlikely that the decline will be halted until more definite signs of business recovery appear.

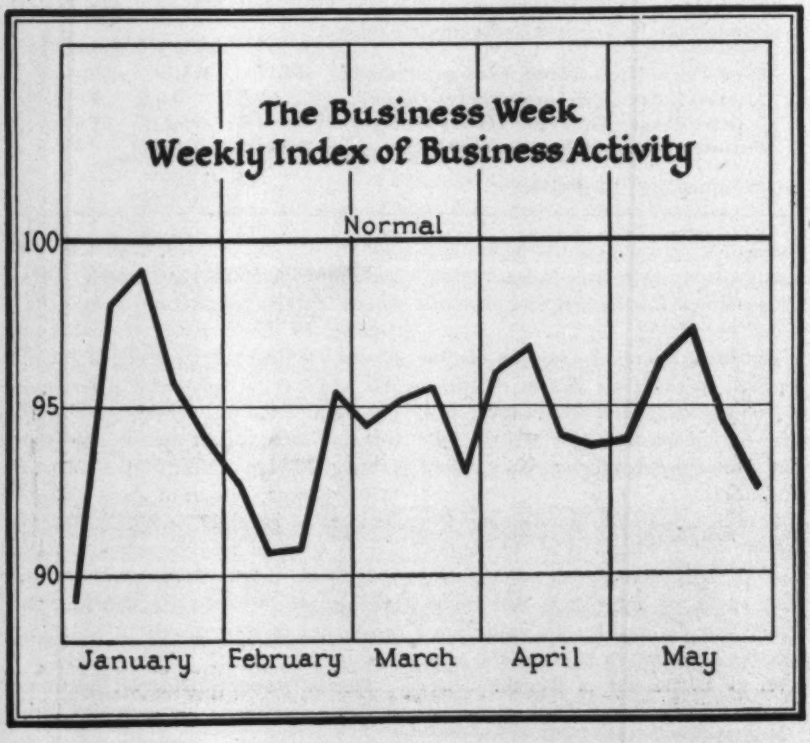
General Trade Indicators

The general trade indicators show practically no change for the better. Total freight carloadings for the latest week were practically the same as in the preceding week but 12.3% below 1929, the largest deficit, with one exception, shown so far this year. The deficit below 1928, 8.8%, was largest so far this year. Non-bulk carloadings declined somewhat for the third consecutive week, contrary to the usual seasonal trend, and are 10.4% below 1929 and 7% below 1928. These deficits, with one exception, are the largest so far this year. Our adjusted index of carloadings, based upon the most signficant group, merchandise and miscellaneous loadings, declined for the week and is 11% below normal for the season and the year.

Check payments outside New York declined for the week and were 11% below last year. Our index of bank debits, based upon this group of cities outside of New York, fell 3.5 points for the week and is over 3% below normal. It is probable that the marked slackness in stock trading during the past week is reflected in these figures.

The daily average amount of currency in circulation rose for the week but is about $200 millions below last year. Our index rose slightly for the week but is still 2.5% below normal. The lower level of currency in circulation is offset somewhat by the lower level of commodity prices and living costs, so that the volume of business activity reflected in our index of currency in circulation is still fairly high. The rise in the past week may reflect a slight improvement in retail trade.

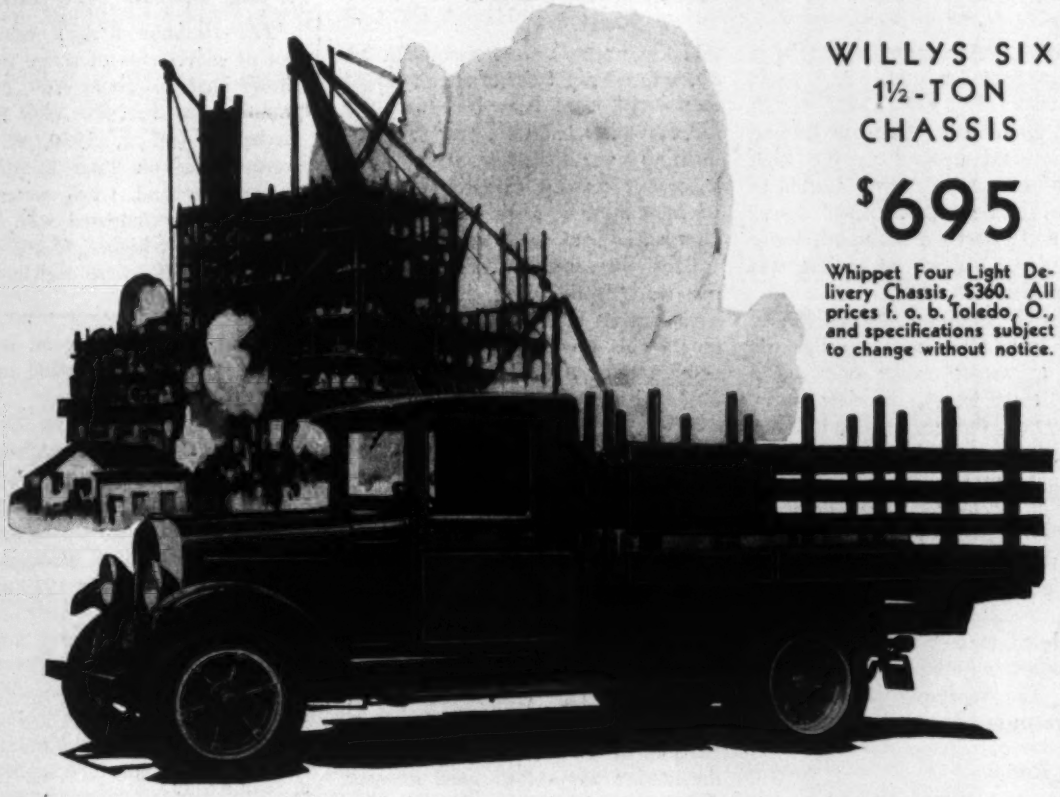
The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 31.



Commercial Loans

The outstanding commercial loans of reporting Federal Reserve member banks continue to decline sharply, as they have almost without interruption since the beginning of the year. This decline has been only slightly more rapid than the fall in commodity prices, so that the volume of commercial transactions represented by these loans is at present less than 2% below normal, according to our index, when account is taken of seasonal factors and year-to-year growth. Part of the decline in commercial loans may also be accounted for by increasing shift of commercial borrowing to loans on security collateral.

The number of commercial failures has declined for the third consecutive week, following the usual seasonal trend, but still remains above the level of recent years. The total number of failures reported by Dun for May was 2,179, slightly below the number in April but 14.8% above last May. Liabilities in May, however, were 13.2% higher than in April and 34.8% above last May.



WILLYS SIX
1½-TON
CHASSIS

$695

Whippet Four Light Delivery Chassis, $360. All prices f. o. b. Toledo, O., and specifications subject to change without notice.

CUT YOUR HAULAGE COSTS WITH FAST, RELIABLE SERVICE

Increasing sales of the Willys Six 1½-Ton Truck prove that many operators realize how effectively this modern commercial unit speeds up delivery and lowers costs. Engineered to the minute, the Willys Six Truck has 4-speed transmission, 65 horsepower engine, rigid steel frame, extra long springs, semi-floating type rear axle with heavy spiral bevel gears and electric furnace steel one-piece housing. Body types for every business need.

WILLYS-OVERLAND, INC., TOLEDO, OHIO

WILLYS-OVERLAND SALES CO., LTD., TORONTO, CANADA

WILLYS SIX

1½-TON TRUCK

Money and the Market

THE stock market continued to be a dull and irregular affair this week, almost completely professional, trendless and uneventful. Prices of leading groups pushed upward to the high points of May 14, but were unable to get above that level, so turned downward. Rail shares moved slightly lower day by day. Volume of trading was very small.

The huge jump of $79,000,000 in brokers' loans after comparatively little change in recent weeks came as a surprise to the Street. In view of the inactivity of the market and lower prices, there was nothing to foreshadow such a movement. The explanation is believed to lie in the large volume of new issues. Though no greater than in several recent weeks, a temporary saturation point seems to have been reached.

The bond market also remained in the doldrums, with almost no change in prices. The reparation issue is expected momentarily.

Money Rates

Money showed little change except for another marking down of rates on bankers' acceptances. The Federal Reserve buying rate also was reduced. Currency in circulation showed a sizeable increase due to the holiday.

In bank credit, security loans of reporting member banks this week exceeded the "all other" or commercial loans for the first time in history. Always before they have been much below the latter, but the rapid closing of the gap in recent months had foretold the week's development. In addition to the rapid rise of security loans, commercial loans have been dropping off at a rapid rate all this year. Security loans now are at the highest point they have ever reached excepting for two weeks at the time of the crash last fall. Commercial loans are lowest since 1921.

Bank investments continued their rise through the eleventh week, and have mounted $360,000,000 in that time. This development has furnished strong support to the bond market. The rise of bank credit thus extended on securities has been large, 63% now being on this base, as compared with only 37% on commercial loans.

Federal Reserve Credit

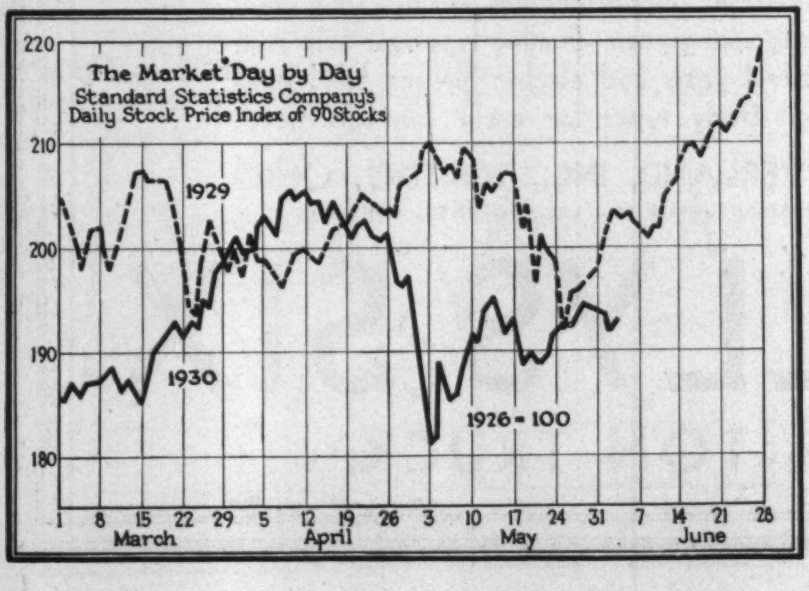
Federal Reserve credit outstanding increased this week, holdings of bills and securities rising by $20,000,000. Discounts declined from the increased total of the preceding week, but acceptance and government security portfolios were enlarged.

News of the week directly affecting the market was not of great moment. A further sprinkling of dividend reductions occurred, but most of these has been discounted. Foreign exchanges generally were weak, and sterling hit a low point for the year but rallied somewhat when our bill rates were cut.

The financial communities were disappointed as the central banks at Paris, London and New York left their discount rates unchanged. Some observers expect reductions with the reparation issue, but the prospects are not clear. Unusually easy money, while probably preventing a recession as great as might have occurred, has not boosted anything except the stock market.

The following table by Standard Statistics shows the percentage change of stocks by industrial groups from their lows of 1929 to the closing of May 21. It gives a broader view of the action of the market than most averages. The position of the groups in 1929 must be taken into consideration.

	%
1. Woolen Goods	74.3
2. Theaters, Motion Pictures, etc.	68.4
3. Electrical Equipment	57.0
4. Agricultural Implements	56.8
5 Airplanes	50.6
6. Fertilizers	40.5
7. Radio	38.8
8. Utilities	38.3
9. Machinery	38.1
10. Tobacco Products	36.9
11. Chemicals	29.1
12. Miscellaneous Manufacturing	27.4
13. Automobiles	23.2
14. Miscellaneous Services	22.2
15. Miscellaneous Mining and Smelting	20.9
16. Silk Goods	20.4
17. Household Products	19.7
18. Food Products	19.2
19. Paper	17.3
20. Oils	16.6
21 Department Stores	13.4
22. Leather	12.7
23. Office and Business Equipment	9.3
24. Auto Tires	9.1
25. Building Equipment	8.5
26. Automobile Parts	8.1
27. Rails	7.0
28. Shipping, and Shipbuilding	7.0
29. Steel	6.8
30. Meat Packing	5.9
31. Coal—Anthracite	5.0
32. Textiles	4.4
33. Chain Stores	2.6
34. Drugs, Medicines, etc.	—0.06
35. Lead and Zinc	—0.25
36. Rail Equipment	— 1.1
37. Cotton Goods	— 1.4
38. Sugar	— 2.9
39. Shoes	— 3.4
40. Rayon	— 5.2
41. Coal—Bituminous	— 5.5
42. Apparel	— 6.7
43. Mail Order	— 8.8
44. Copper and Brass	—18.8
All Industrials	18.8
Composite	20.2



What Stocks Are Doing

The Business Week's monthly test of movements of active stocks shows that of about 700 issues traded in on the New York Stock Exchange Jan. 2, 1930, 68.2% were higher on June 1, 30.6% were lower and 1.2% were unchanged. As compared with May 1, 37.4% were higher, 56.2% were lower and 6.4% were unchanged.

The Dublin Letters

To Mr. Derby Thomas, Containing Suggestions on How To Assist Mr. Ben Frost

Office of James W. Dublin
New York
September, 1927

My dear Derby:

As of to-day you have a definite job here. Or, perhaps, I might better say a definite relationship. You are now assistant to Mr. Benjamin Frost.

You are an Easterner and in Frosty you will have working touch with a Middle Westerner. It looks to me that for an advertising man you are a little shy in the matter of acquaintance with these United States and Frosty will help you to see that all our national life is not located on the Atlantic seaboard.

Frosty spent his younger days in a hay, grain, and feed store. Then he was a reporter on a country newspaper and after that its editor. When the paper busted he got a job as manager of one of a small group of chain stores. He was promoted to be advertising manager at headquarters, and two years later the owner sold out.

When the new management moved in they fired Frosty. He had a hankering to look New York over, and when he got here he came in looking for a job. We *guessed* six months' salary on him, and now he's one of our indispensables.

You have probably brought with you your own personal set of notions about advertising and how it should be practised in an agency. After a little while working with Frosty you will begin to discard some of your ideas. After another little while you will begin to throw the whole kaboodle overboard so fast that it will look like the Boston Tea Party. Don't worry. Don't think you're losing anything valuable. What you are really up to is cleaning out an old inventory to make room for a much better line of goods.

I hope I am not misleading you into thinking you are going to get a lot of direct training. Direct training works all right in the manual trades, but for the brain-man it's a delusion. He has to get his by indirect absorption.

Therefore keep your brain cells porous and pliant. Get rid of any academic clinkers you spent four years to acquire—and listen to Frosty. Not that Frosty is going to talk *at* you very much: I mean listen to what he says to other folks—within the bounds of human decency, of course.

At first the things Frosty says are not going to sound so brilliant to you—perhaps they never will. A number of our clients have a dependable feeling about him because he doesn't hand 'em a wisecrack when what they really ask for is a piece of strategy to put the skids under a tough competitor.

Now, for the sake of helping the entente between you and Frosty, I am going to touch on a point that may be a trifle tender and delicate. Sooner or later you are liable to have a sneaking little question stick in your gizzard as to why Frosty, with no college education, gets such a position of responsibility when you, a graduate of one of our finest universities, may not for some years to come.

The chances are that question will particularly gripe you on the day Frosty tells you to take a bunch of drawings out to the shipping department and get 'em wrapped up. All the office boys will be busy and Frosty will be running around with his hat and coat on wondering what kept you. Then he will grab the package and beat it and you won't even be thanked.

Incidentally, don't resent doing helpful little errands for Frosty such as wrapping up a package. He needs actual physical help at times—in fact, there are occasions when he is so pressed that assisting him to find his umbrella is more vital than giving him an opinion or an idea.

Now I will tell you why Frosty gets along so nicely without a diploma. He is a child of the people. As such, he has a genius for being *non-exclusive*. When you have a job of making millions and millions of people read what you say—*and believe it*—the non-exclusive strain in your make-up is a very valuable thing to have. It enables you to see your audience *truly* as a mixture of folks of all sorts and conditions and not falsely as made up of just your own dinky, snobby, little clique.

While Frosty was on the shipping platform of the hay, grain, and feed place and while he was writing for the home town folks on the country newspaper and while he was clerking in the chain store, there got woven into his warp and woof a cord of shrewd sympathy for actual human beings.

A customer isn't a statistic to Frosty—a customer is a human being

G. P. & F. Can Show You How To Do It . . .

THROUGH the use of pressed metals old products as well as new ones are emerging over night in polychromatic splendor . . . and winning public favor. Many manufacturers are securing this added sales appeal of color at low cost by using G. P. & F. stampings.

Whether it's a smooth satiny finish or a brilliant gloss you desire for your product, it can be imposed on metal "right off the press."

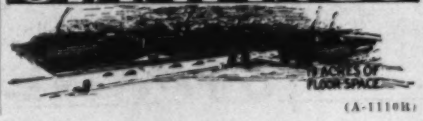
The 19-acre G. P. & F. plant is equipped with every known facility for producing quality stampings at low cost. Each G. P. & F. drawn or pressed metal part has a smooth surface which provides a finishing base permitting quick and economical application of paint, lacquer and other modern finishes.

Likewise in problems of design or redesign, G. P. & F. can save you time and money. With a background of fifty years' experience G. P. & F. engineers have been able to assist thousands of manufacturers in cutting down designing time and speeding new or improved products to the market.

Whether your problem is one of design, color application, better service or lower production cost, consult G. P. & F. There is no obligation.

GEUDER, PAESCHKE & FREY CO.
Sales Representatives in Principal Cities in All Parts of the Country
1390 St. Paul Avenue, Milwaukee, Wis.
366 W. Ohio St., Chicago, Ill.

G.P.&F.
STAMPINGS



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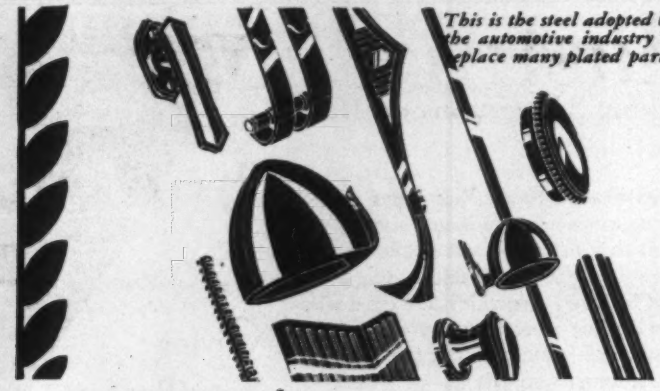
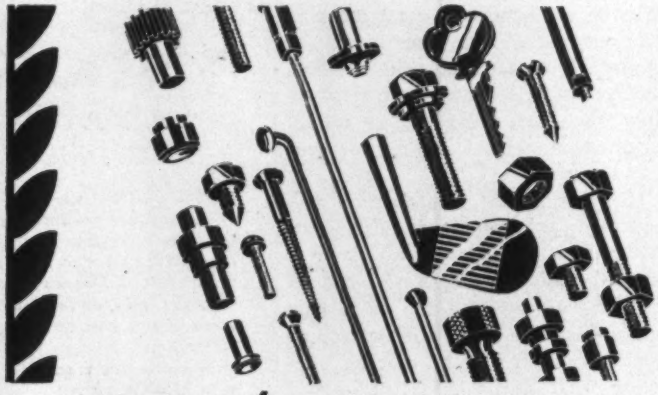


This is the steel adopted by the automotive industry to replace many plated parts.

Permanently POLISHED..



Permanently RUST-PROOF

IF you'd like to be able to say that about *your* product—and say it without running production costs sky-high—you'll be interested in these important facts about Carpenter Stainless Steel. Carpenter specializes in bar stock and strip that are easy to handle. For example, Carpenter makes stainless bar stock that machines, grinds, and polishes just like ordinary screw stock. And Carpenter Stainless Strip, in straight chrome irons and 18-8 chrome nickel grades, can be readily blanked, drawn, and formed into a numberless variety of stampings. And its pit-free, satin-smooth surface takes a beautiful mirror finish. Let us provide samples of the grade of Carpenter Stainless your product requires . . . then test them out on your own machines. That's the kind of proof we like to offer.

THE CARPENTER STEEL CO., READING, PA.

Tool and Alloy Steels Exclusively

Carpenter

STAINLESS STEEL

that Frosty is going to fit out with some goods, to the customer's advantage.

So you see Frosty is definitely *mercantile*. Trade runs through Frosty's system continually—just as commodities go back and forth over the New York Central Railroad.

Now the minute you left New Haven and came here you just simply stepped out into the middle of the United States, because most of our accounts are national and our problems are national in scope. From now on your mind has got to mill around with the minds of 120,000,000 other human beings.

And here's the United States, commercial in temperament throughout, busy as a cop in a strike riot, and expanding like a batch of bread-dough with two yeast cakes in it.

Do you wonder it wants Frostys and has to have 'em? And isn't it obvious there aren't enough Frostys to go around and that, therefore, they are much respected, over-worked, and paid liberally?

We are going to wean you from your classic halls and try to convert you into being to some degree a child of the people. When you were a kid you *were* one. Now we've got to help you get back to where you started. Don't be discouraged. Colleges do their best to turn out a peculiar and separate brand of folks called alumni. But many break away—join the common people again—make a contribution for the common good—and reap a big reward, because when the common people like you, and each one only chips in a little, there's so many of them it mounts up something terrible.

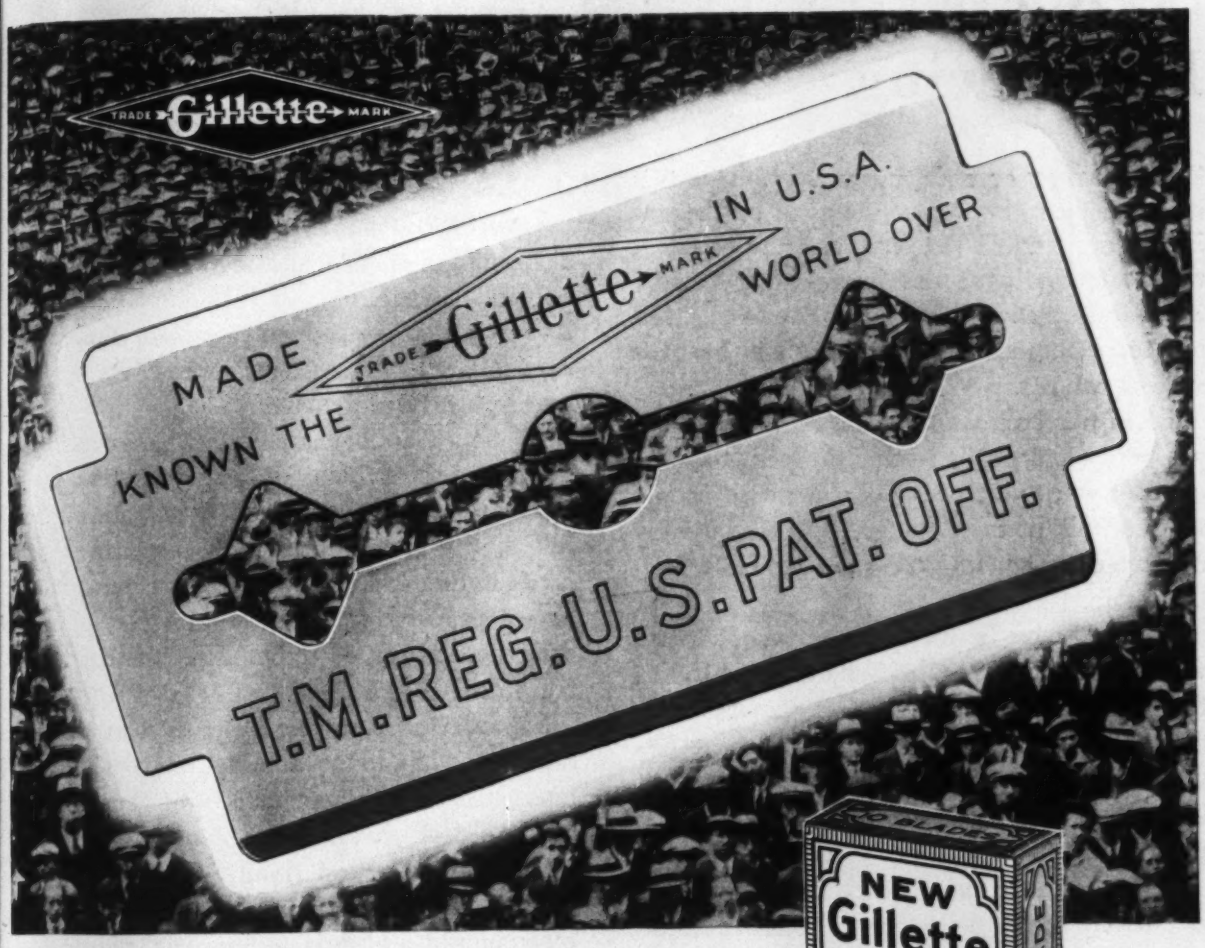
Hereby let it be known that you are now exactly where you desired to be—in the advertising business. Honor it and the rewards will come. Some of them in cash. JAMES W. DUBLIN.

Memorandum to Mr. Frost

Office of James W. Dublin
New York
September, 1927

Attached find my two letters of initiation to Derby Thomas. Give him something to do on Perkins-Thurlow Textiles for a starter. We are either going to lose that account or throw it overboard one of these days—I don't know which yet. When it goes, no matter what the circumstances, I want Mr. Thomas to have some little tweak of personal loss. Bereavement often gives perspective and renews the old copy-book idea that life is real, life is earnest. J. W. D.

A longer-lasting edge —*a smoother shave*



YOU'LL notice a big difference the minute you try the Genuine New Gillette Blade. ¶ The new blade gives a softer, more comfortable shave, and holds an exquisitely keen, longer-lasting edge. ¶ Insist on the Genuine New Gillette Blade. Even in your old razor, it will give you a smoother shave than you've ever had before. But for *real* shaving comfort—use the New Blade in the New Razor! Sold everywhere.

GILLETTE SAFETY RAZOR CO., BOSTON, U. S. A.

$1.00 for ten; 50¢ for five.
The New Gillette Blades in the new green packet.

Insist on GENUINE

New Gillette Blades

THE BUSINESS WEEK

The Journal of Business News and Interpretation

June 11, 1930

Seeing Is Believing

FORTUNATELY or unfortunately, it is true that the permanent, important things in business as in life are terribly tiresome, and the transient trifles are usually the most interesting. We realize as well as anyone, we hope, how vital a factor, for example, "management" is in business success, what a significant part "cooperation" plays in our economic system, how dependent prosperity is upon "scientific progress," and so on. But when ninety-nine of a hundred people write or talk of these things—and they usually do—we cannot help having the Ho-Hum feeling set in.

Probably most business men, especially those who not merely recognize but live these truths, feel the same way. In this as in many other things, the more we talk about them the less we realize them in action—and vice versa. It has long been recognized that those who don't, preach, and those who can't, teach.

Still, these are times when tiresome truths are driven home to the consciousness of business men with painful sharpness, so that we sit up and take sudden notice of them, as one does on finding a tack in his familiar easy chair.

One such time is now and one such truth is that of the international interdependence of modern business. Of course we have always admitted it, paid our perfunctory respects to the principle, so long as it was working in our favor or caused us no trouble. We always recognized that the modern industrial nations tend to prosper together, and so long as they have prospered together we took it for granted that they always would. So why worry about it, and especially why be so meticulous about behaving so that they always will? A little higher tariff here, a few little protective discriminations or special subsidies there, a little rousing romp in the stock market to which all countries were invited to contribute, wouldn't alter the fundamental principle.

Now we wake up to find that indeed these things haven't altered it; that it is literally true; and that, like most fundamental principles, it works both ways. We suddenly realize that the nations hang together not only in prosperity but in adversity; that the international business cycle in modern economic life applies to bad times as well as good. We have seen a domestic boom and a crash spread quickly all over the world, commodity prices decline in nearly all countries at once, and revolution, civil war, political uncertainty, and depression abroad reverberate back and forth across the seven seas and reflect themselves in business stagnation in nearly every country.

When a Gandhi marches to the sea to make salt, when the value of the silver currencies of the vast Orient and the prices of silk and rubber fall to the lowest level in history, the shock is felt in thousands of American business offices almost as swiftly as the current carries the news over the network of communication that binds the world together.

So, today at least, few business men are fortunate enough to be able to yawn when the international interdependence of business is mentioned. They know once more from experience that it is a real thing. The question is: do they understand it well enough to act in their public and private business policies as though it were true? And how soon will they forget it save as a grand idea to talk about on Sundays and holidays?

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